

Calendar No. 63

105TH CONGRESS
1ST Session

S. 462

[Report No. 105-21]

A BILL

To reform and consolidate the public and assisted housing programs of the United States, and to redirect primary responsibility for these programs from the Federal Government to States and localities, and for other purposes.

MAY 23, 1997

Reported with an amendment

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 IN THE SENATE OF THE UNITED STATES

MARCH 18, 1997

Mr. MACK (for himself, Mr. D'AMATO, Mr. BOND, Mr. FAIRCLOTH, Mr. GRAMS, and Mr. HAGEL) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

MAY 23, 1997

Reported by Mr. D'AMATO, with an amendment

[Strike out all after the enacting clause and insert the part printed in *italie*]

A BILL

To reform and consolidate the public and assisted housing programs of the United States, and to redirect primary responsibility for these programs from the Federal Government to States and localities, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
 2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

2 (a) **SHORT TITLE.**—This Act may be cited as the
 3 “Public Housing Reform and Responsibility Act of 1997”.

4 (b) **TABLE OF CONTENTS.**—The table of contents for
 5 this Act is as follows:

Sec. 1. Short title; table of contents.
 Sec. 2. Findings and purposes.
 Sec. 3. Definitions.
 Sec. 4. Effective date.
 Sec. 5. Proposed regulations; technical recommendations.
 Sec. 6. Elimination of obsolete documents.
 Sec. 7. Annual reports.

TITLE I—PUBLIC HOUSING

Sec. 101. Declaration of policy.
 Sec. 102. Membership on board of directors.
 Sec. 103. Rental payments.
 Sec. 104. Definitions.
 Sec. 105. Contributions for lower income housing projects.
 Sec. 106. Public housing agency plan.
 Sec. 107. Contract provisions and requirements.
 Sec. 108. Expansion of powers.
 Sec. 109. Public housing capital and operating funds.
 Sec. 110. Labor standards.
 Sec. 111. Repeal of energy conservation; consortia and joint ventures.
 Sec. 112. Repeal of modernization fund.
 Sec. 113. Eligibility for public and assisted housing.
 Sec. 114. Demolition and disposition of public housing.
 Sec. 115. Repeal of family investment centers; voucher system for public housing.
 Sec. 116. Repeal of family self-sufficiency; homeownership opportunities.
 Sec. 117. Revitalizing severely distressed public housing.
 Sec. 118. Mixed-finance and mixed-ownership projects.
 Sec. 119. Conversion of distressed public housing to tenant-based assistance.
 Sec. 120. Public housing mortgages and security interests.
 Sec. 121. Linking services to public housing residents.
 Sec. 122. Prohibition on use of amounts.
 Sec. 123. Pet ownership.

TITLE II—SECTION 8 RENTAL ASSISTANCE

Sec. 201. Merger of the certificate and voucher programs.
 Sec. 202. Repeal of Federal preferences.
 Sec. 203. Portability.
 Sec. 204. Leasing to voucher holders.
 Sec. 205. Homeownership option.
 Sec. 206. Law enforcement and security personnel in public housing.
 Sec. 207. Technical and conforming amendments.
 Sec. 208. Implementation.

Sec. 209. Definition.
 Sec. 210. Effective date.

TITLE III—MISCELLANEOUS PROVISIONS

Sec. 301. Public housing flexibility in the CHAS.
 Sec. 302. Determination of income limits.
 Sec. 303. Demolition of public housing.
 Sec. 304. Technical correction of public housing agency opt-out authority.
 Sec. 305. Review of drug elimination program contracts.
 Sec. 306. Other repeals.

1 **SEC. 2. FINDINGS AND PURPOSES.**

2 (a) **FINDINGS.**—Congress finds that—

3 (1) there exists throughout the Nation a need
 4 for decent, safe, and affordable housing;

5 (2) the inventory of public housing units owned
 6 and operated by public housing agencies, an asset in
 7 which the Federal Government has invested approxi-
 8 mately \$90,000,000,000, has traditionally provided
 9 rental housing that is affordable to low-income per-
 10 sons;

11 (3) despite serving this critical function, the
 12 public housing system is plagued by a series of prob-
 13 lems, including the concentration of very poor people
 14 in very poor neighborhoods and disincentives for eco-
 15 nomic self-sufficiency;

16 (4) the Federal method of overseeing every as-
 17 pect of public housing by detailed and complex stat-
 18 utes and regulations aggravates the problem and
 19 places excessive administrative burdens on public
 20 housing agencies;

(5) the interests of low-income persons, and the public interest, will best be served by a reformed public housing program that—

(A) consolidates many public housing programs into programs for the operation and capital needs of public housing;

(B) streamlines program requirements;

(C) vests in public housing agencies that perform well the maximum feasible authority, discretion, and control with appropriate accountability to both public housing tenants and localities; and

(D) rewards employment and economic self-sufficiency of public housing tenants; and

(6) voucher and certificate programs under section 8 of the United States Housing Act of 1937 are successful for approximately 80 percent of applicants, and a consolidation of the voucher and certificate programs into a single, market-driven program will assist in making section 8 tenant-based assistance more successful in assisting low-income families in obtaining affordable housing and will increase housing choice for low-income families.

(b) PURPOSES.—The purposes of this Act are—

1 (1) to consolidate the various programs and ac-
 2 tivities under the public housing programs adminis-
 3 tered by the Secretary in a manner designed to re-
 4 duce Federal overregulation;

5 (2) to redirect the responsibility for a consoli-
 6 dated program to States, localities, public housing
 7 agencies, and public housing tenants;

8 (3) to require Federal action to overcome prob-
 9 lems of public housing agencies with severe manage-
 10 ment deficiencies; and

11 (4) to consolidate and streamline tenant-based
 12 assistance programs.

13 **SEC. 3. DEFINITIONS.**

14 In this Act:

15 (1) PUBLIC HOUSING AGENCY.—The term
 16 “public housing agency” has the same meaning as in
 17 section 3 of the United States Housing Act of 1937.

18 (2) SECRETARY.—The term “Secretary” means
 19 the Secretary of Housing and Urban Development.

20 **SEC. 4. EFFECTIVE DATE.**

21 Except as otherwise specifically provided in this Act
 22 or the amendments made by this Act, this Act and the
 23 amendments made by this Act shall take effect on the date
 24 of enactment of this Act.

1 **SEC. 5. PROPOSED REGULATIONS; TECHNICAL REC-**
2 **COMMENDATIONS.**

3 (a) **PROPOSED REGULATIONS.**—Not later than 9
4 months after the date of enactment of this Act, the Sec-
5 retary shall submit to Congress proposed regulations that
6 the Secretary determines are necessary to carry out the
7 United States Housing Act of 1937, as amended by this
8 Act.

9 (b) **TECHNICAL RECOMMENDATIONS.**—Not later
10 than 9 months after the date of enactment of this Act,
11 the Secretary shall submit to the Committee on Banking,
12 Housing, and Urban Affairs of the Senate and the Com-
13 mittee on Banking and Financial Services of the House
14 of Representatives, recommended technical and conform-
15 ing legislative changes necessary to carry out this Act and
16 the amendments made by this Act.

17 **SEC. 6. ELIMINATION OF OBSOLETE DOCUMENTS.**

18 Effective 1 year after the date of enactment of this
19 Act, no rule, regulation, or order (including all handbooks,
20 notices, and related requirements) pertaining to public
21 housing or section 8 tenant-based programs issued or pro-
22 mulgated under the United States Housing Act of 1937
23 before the date of enactment of this Act may be enforced
24 by the Secretary.

1 **SEC. 7. ANNUAL REPORTS.**

2 Not later than 1 year after the date of enactment
3 of this Act, and annually thereafter, the Secretary shall
4 submit a report to Congress on the impact of the amend-
5 ments made by this Act on—

6 (1) the demographics of public housing tenants
7 and families receiving tenant-based assistance under
8 the United States Housing Act of 1937; and

9 (2) the economic viability of public housing
10 agencies.

11 **TITLE I—PUBLIC HOUSING**

12 **SEC. 101. DECLARATION OF POLICY.**

13 Section 2 of the United States Housing Act of 1937
14 (42 U.S.C. 1437) is amended to read as follows:

15 **“SEC. 2. DECLARATION OF POLICY.**

16 “It is the policy of the United States to promote the
17 general welfare of the Nation by employing the funds and
18 credit of the Nation, as provided in this title—

19 “(1) to assist States and political subdivisions
20 of States to remedy the unsafe housing conditions
21 and the acute shortage of decent and safe dwellings
22 for low-income families;

23 “(2) to assist States and political subdivisions
24 of States to address the shortage of housing afford-
25 able to low-income families; and

1 “(3) consistent with the objectives of this title,
 2 to vest in public housing agencies that perform well,
 3 the maximum amount of responsibility and flexibility
 4 in program administration, with appropriate ac-
 5 countability to both public housing tenants and lo-
 6 calities.”.

7 **SEC. 102. MEMBERSHIP ON BOARD OF DIRECTORS.**

8 Title I of the United States Housing Act of 1937 (42
 9 U.S.C. 1437 et seq.) is amended—

10 (1) by redesignating the second section des-
 11 ignated as section 27 (as added by section 903(b) of
 12 Public Law 104–193 (110 Stat. 2348)) as section
 13 28; and

14 (2) by adding at the end the following:

15 **“SEC. 29. MEMBERSHIP ON BOARD OF DIRECTORS.**

16 “(a) **REQUIRED MEMBERSHIP.**—Except as provided
 17 in subsection (b), the membership of the board of directors
 18 of each public housing agency shall contain not less than
 19 1 member who is a resident of a public housing project
 20 operated by the public housing agency.

21 “(b) **EXCEPTION.**—Subsection (a) shall not apply to
 22 any public housing agency in any State that requires the
 23 members of the board of directors of a public housing
 24 agency to be salaried and to serve on a full-time basis.

1 “(c) NONDISCRIMINATION.—No person shall be pro-
 2 hibited from serving on the board of directors or similar
 3 governing body of a public housing agency because of the
 4 residence of that person in a public housing project.”.

5 **SEC. 103. RENTAL PAYMENTS.**

6 (a) IN GENERAL.—Section 3(a)(1)(A) of the United
 7 States Housing Act of 1937 (42 U.S.C. 1437a(a)(1)(A))
 8 is amended by inserting before the semicolon the following:
 9 “ or, if the family resides in public housing, an amount
 10 established by the public housing agency, which shall not
 11 exceed 30 percent of the monthly adjusted income of the
 12 family”.

13 (b) AUTHORITY OF PUBLIC HOUSING AGENCIES.—
 14 Section 3(a)(2) of the United States Housing Act of 1937
 15 (42 U.S.C. 1437a(a)(2)) is amended to read as follows:

16 “(2) AUTHORITY OF PUBLIC HOUSING AGENCIES.—

17 “(A) IN GENERAL.—Notwithstanding para-
 18 graph (1), a public housing agency may adopt ceil-
 19 ing rents that reflect the reasonable market value of
 20 the housing, but that are not less than the actual
 21 monthly costs—

22 “(i) to operate the housing of the public
 23 housing agency; and

1 “(ii) to make a deposit to a replacement
2 reserve (in the sole discretion of the public
3 housing agency).
4

5 “(B) MINIMUM RENT.—Notwithstanding para-
6 graph (1), a public housing agency may provide that
7 each family residing in a public housing project or
8 receiving tenant-based or project-based assistance
9 under section 8 shall pay a minimum monthly rent
10 in an amount not to exceed \$25 per month.

11 “(C) POLICE OFFICERS.—

12 “(i) IN GENERAL.—Notwithstanding any
13 other provision of law, a public housing agency
14 may, in accordance with the public housing
15 agency plan, allow a police officer who is not
16 otherwise eligible for residence in public hous-
17 ing to reside in a public housing unit. The num-
18 ber and location of units occupied by police offi-
19 cers under this clause, and the terms and condi-
20 tions of their tenancies, shall be determined by
21 the public housing agency.

22 “(ii) DEFINITION.—In this subparagraph,
23 the term ‘police officer’ means any person de-
24 termined by a public housing agency to be, dur-
25 ing the period of residence of that person in
 public housing, employed on a full-time basis as

1 a duly licensed professional police officer by a
 2 Federal, State, or local government or by any
 3 agency thereof (including a public housing
 4 agency having an accredited police force).

5 “(D) ENCOURAGEMENT OF SELF-SUFFI-
 6 CIENCY.—Each public housing agency shall develop
 7 a rental policy that encourages and rewards employ-
 8 ment and economic self-sufficiency.”

9 (c) REGULATIONS.—

10 (1) IN GENERAL.—The Secretary shall, by reg-
 11 ulation, after notice and an opportunity for public
 12 comment, establish such requirements as may be
 13 necessary to carry out section 3(a)(2)(A) of the
 14 United States Housing Act of 1937, as amended by
 15 this section.

16 (2) TRANSITION RULE.—Prior to the issuance
 17 of final regulations under paragraph (1), a public
 18 housing agency may implement ceiling rents, which
 19 shall be—

20 (A) determined in accordance with section
 21 3(a)(2)(A) of the United States Housing Act of
 22 1937, as that section existed on the day before
 23 the date of enactment of this Act;

24 (B) equal to the 95th percentile of the rent
 25 paid for a unit of comparable size by tenants in

the same public housing project or a group of
comparable projects totaling 50 units or more;
or

(C) equal to the fair market rent for the
area in which the unit is located.

SEC. 104. DEFINITIONS.

(a) DEFINITIONS.—

(1) SINGLE PERSONS.—Section 3(b)(3) of the
United States Housing Act of 1937 (42 U.S.C.
1437a(b)(3)) is amended—

(A) in subparagraph (A), in the third sen-
tence, by striking “the Secretary shall” and all
that follows before the period at the end and in-
serting the following: “the public housing agen-
cy may give preference to single persons who
are elderly or disabled persons before single
persons who are otherwise eligible”; and

(B) in subparagraph (B), in the second
sentence, by striking “regulations of the Sec-
retary” and inserting “public housing agency
plan”.

(2) ADJUSTED INCOME.—Section 3(b)(5) of the
United States Housing Act of 1937 (42 U.S.C.
1437a(b)(5)) is amended to read as follows:

1 “(5) ADJUSTED INCOME.—The term ‘adjusted in-
2 come’ means the income that remains after excluding—

3 “(A) \$480 for each member of the family resid-
4 ing in the household (other than the head of the
5 household or the spouse of the head of the house-
6 hold)—

7 “(i) who is under 18 years of age; or

8 “(ii) who is—

9 “(I) 18 years of age or older; and

10 “(H) a person with disabilities or a
11 full-time student;

12 “(B) \$400 for an elderly or disabled family;

13 “(C) the amount by which the aggregate of—

14 “(i) medical expenses for an elderly or dis-
15 abled family; and

16 “(ii) reasonable attendant care and auxil-
17 iary apparatus expenses for each family mem-
18 ber who is a person with disabilities; to the ex-
19 tent necessary to enable any member of the
20 family (including a member who is a person
21 with disabilities) to be employed;

22 exceeds 3 percent of the annual income of the fam-
23 ily;

1 ~~“(D) child care expenses, to the extent nec-~~
 2 ~~essary to enable another member of the family to be~~
 3 ~~employed or to further his or her education; and~~

4 ~~“(E) any other income that the public housing~~
 5 ~~agency determines to be appropriate, as provided in~~
 6 ~~the public housing agency plan.”.~~

7 ~~(b) DISALLOWANCE OF EARNED INCOME FROM PUB-~~
 8 ~~LIC HOUSING RENT DETERMINATIONS.—~~

9 ~~(1) IN GENERAL.—~~Section 3 of the United
 10 ~~States Housing Act of 1937 (42 U.S.C. 1437a) is~~
 11 ~~amended—~~

12 ~~(A) by striking the undesignated para-~~
 13 ~~graph at the end of subsection (c)(3) (as added~~
 14 ~~by section 515(b) of the Cranston-Gonzalez Na-~~
 15 ~~tional Affordable Housing Act); and~~

16 ~~(B) by adding at the end the following:~~

17 ~~“(d) DISALLOWANCE OF EARNED INCOME FROM~~
 18 ~~PUBLIC HOUSING RENT DETERMINATIONS.—~~

19 ~~“(1) IN GENERAL.—~~Notwithstanding any other
 20 ~~provision of law, the rent payable under subsection~~
 21 ~~(a) by a family—~~

22 ~~“(A) that—~~

23 ~~“(i) occupies a unit in a public hous-~~
 24 ~~ing project; or~~

1 “(ii) receives assistance under section
2 8; and

3 “(B) whose income increases as a result of
4 employment of a member of the family who was
5 previously unemployed for 1 or more years (in-
6 cluding a family whose income increases as a
7 result of the participation of a family member
8 in any family self-sufficiency or other job train-
9 ing program);
10 may not be increased as a result of the increased in-
11 come due to such employment during the 18-month
12 period beginning on the date on which the employ-
13 ment is commenced.

14 “(2) PHASE-IN OF RATE INCREASES.—After the
15 expiration of the 18-month period referred to in
16 paragraph (1), rent increases due to the continued
17 employment of the family member described in para-
18 graph (1)(B) shall be phased in over a subsequent
19 3-year period.

20 “(3) OVERALL LIMITATION.—Rent payable
21 under subsection (a) shall not exceed the amount de-
22 termined under subsection (a).”.

23 (2) APPLICABILITY OF AMENDMENT.—

24 (A) PUBLIC HOUSING.—Notwithstanding
25 the amendment made by paragraph (1), any

1 tenant of public housing participating in the
 2 program under the authority contained in the
 3 undesignated paragraph at the end of section
 4 3(c)(3) of the United States Housing Act of
 5 1937, as that paragraph existed on the day be-
 6 fore the date of enactment of this Act, shall be
 7 governed by that authority after that date.

8 (B) SECTION 8.—The amendment made by
 9 paragraph (1) shall apply to tenant-based as-
 10 sistance provided under section 8 of the United
 11 States Housing Act of 1937, with funds appro-
 12 priated on or after October 1, 1997.

13 (c) DEFINITIONS OF TERMS USED IN REFERENCE
 14 TO PUBLIC HOUSING.—

15 (1) IN GENERAL.—Section 3(c) of the United
 16 States Housing Act of 1937 (42 U.S.C. 1437a(c)) is
 17 amended—

18 (A) in paragraph (1), by inserting “and of
 19 the fees and related costs normally involved in
 20 obtaining non-Federal financing and tax credits
 21 with or without private and nonprofit partners”
 22 after “carrying charges”; and

23 (B) in paragraph (2), in the first sentence,
 24 by striking “security personnel),” and all that
 25 follows through the period and inserting the fol-

lowing: “security personnel); service coordina-
tors, drug elimination activities, or financing in
connection with a public housing project, in-
cluding projects developed with non-Federal fi-
nancing and tax credits, with or without private
and nonprofit partners.”.

(2) TECHNICAL CORRECTION.—Section 622(c)
of the Housing and Community Development Act of
1992 (Public Law 102-550; 106 Stat. 3817) is
amended by striking “‘project.’” and inserting
“‘paragraph (3)’”.

(3) NEW DEFINITIONS.—Section 3(e) of the
United States Housing Act of 1937 (42 U.S.C.
1437a(e)) is amended by adding at the end the fol-
lowing:

“(6) PUBLIC HOUSING AGENCY PLAN.—The
term ‘public housing agency plan’ means the plan of
the public housing agency prepared in accordance
with section 5A.

“(7) DISABLED HOUSING.—The term ‘disabled
housing’ means any public housing project, building,
or portion of a project or building, that is designated
by a public housing agency for occupancy exclusively
by disabled persons or families.

1 “(8) ~~ELDERLY HOUSING.~~—The term ‘elderly

2 housing’ means any public housing project, building,

3 or portion of a project or building, that is designated

4 by a public housing agency exclusively for occupancy

5 exclusively by elderly persons or families, including

6 elderly disabled persons or families.

7 “(9) ~~MIXED-FINANCE PROJECT.~~—The term

8 ‘mixed-finance project’ means a public housing

9 project that meets the requirements of section 30.

10 “(10) ~~CAPITAL FUND.~~—The term ‘Capital

11 Fund’ means the fund established under section

12 9(e).

13 “(11) ~~OPERATING FUND.~~—The term ‘Operating

14 Fund’ means the fund established under section

15 9(d).”.

16 **SEC. 105. CONTRIBUTIONS FOR LOWER INCOME HOUSING**

17 **PROJECTS.**

18 (a) ~~IN GENERAL.~~—Section 5 of the United States

19 Housing Act of 1937 (42 U.S.C. 1437e) is amended by

20 striking subsections (h) through (l).

21 (b) ~~CONFORMING AMENDMENTS.~~—The United States

22 Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amend-

23 ed—

24 (1) in section 21(d), by striking “section 5(h)

25 or”;

1 (2) in section 25(1)(1), by striking “and for sale
2 under section 5(h)”; and

3 (3) in section 307, by striking “section 5(h)
4 and”.

5 **SEC. 106. PUBLIC HOUSING AGENCY PLAN.**

6 (a) IN GENERAL.—Title I of the United States Hous-
7 ing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by
8 inserting after section 5 the following:

9 **“SEC. 5A. PUBLIC HOUSING AGENCY PLANS.**

10 “(a) 5-YEAR PLAN.—

11 “(1) IN GENERAL.—Subject to paragraph (2),
12 not less than once every 5 fiscal years, each public
13 housing agency shall submit to the Secretary a plan
14 that includes, with respect to the 5 fiscal years im-
15 mediately following the date on which the plan is
16 submitted—

17 “(A) a statement of the mission of the
18 public housing agency for serving the needs of
19 low-income families in the jurisdiction of the
20 public housing agency during those fiscal years;
21 and

22 “(B) a statement of the goals and objec-
23 tives of the public housing agency that will en-
24 able the public housing agency to serve the

1 needs identified pursuant to subparagraph (A)
 2 during those fiscal years.

3 ~~“(2) INITIAL PLAN.—~~The initial 5-year plan
 4 submitted by a public housing agency under this
 5 subsection shall be submitted for the 5-year period
 6 beginning with the first fiscal year for which the
 7 public housing agency receives assistance under this
 8 Act.

9 ~~“(b) ANNUAL PLAN.—~~

10 ~~“(1) IN GENERAL.—~~Each public housing agen-
 11 cy shall submit to the Secretary a public housing
 12 agency plan under this subsection for each fiscal
 13 year for which the public housing agency receives as-
 14 sistance under sections 8(o) and 9.

15 ~~“(2) UPDATES.—~~For each fiscal year after the
 16 initial submission of a plan under this section by a
 17 public housing agency, the public housing agency
 18 may comply with requirements for submission of a
 19 plan under this subsection by submitting an update
 20 of the plan for the fiscal year.

21 ~~“(c) PROCEDURES.—~~

22 ~~“(1) IN GENERAL.—~~The Secretary shall estab-
 23 lish requirements and procedures for submission and
 24 review of plans, including requirements for timing

1 and form of submission; and for the contents of
 2 those plans.

3 “(2) CONTENTS.—The procedures established
 4 under paragraph (1) shall provide that a public
 5 housing agency shall—

6 “(A) consult with the resident advisory
 7 board established under subsection (c) in devel-
 8 oping the plan; and

9 “(B) ensure that the plan under this sec-
 10 tion is consistent with the applicable com-
 11 prehensive housing affordability strategy (or
 12 any consolidated plan incorporating that strat-
 13 egy) for the jurisdiction in which the public
 14 housing agency is located; in accordance with
 15 title I of the Cranston-Gonzalez National Af-
 16 fordable Housing Act and contains a certifi-
 17 cation by the appropriate State or local official
 18 that the plan meets the requirements of this
 19 paragraph.

20 “(d) CONTENTS.—An annual public housing agency
 21 plan under this section for a public housing agency shall
 22 contain the following information relating to the upcoming
 23 fiscal year for which the assistance under this Act is to
 24 be made available:

1 “(1) NEEDS.—A statement of the housing
2 needs of low-income and very low-income families re-
3 siding in the community served by the public hous-
4 ing agency, and of other low-income families on the
5 waiting list of the agency (including housing needs
6 of elderly families and disabled families); and the
7 means by which the public housing agency intends,
8 to the maximum extent practicable, to address those
9 needs.

10 “(2) FINANCIAL RESOURCES.—A statement of
11 financial resources available for the agency and the
12 planned uses of those resources.

13 “(3) ELIGIBILITY, SELECTION, AND ADMIS-
14 SIONS POLICIES.—A statement of the policies gov-
15 erning eligibility, selection, admissions (including
16 any preferences), assignment, and occupancy of fam-
17 ilies with respect to public housing dwelling units
18 and housing assistance under section 8(o).

19 “(4) RENT DETERMINATION.—A statement of
20 the policies of the public housing agency governing
21 rents charged for public housing dwelling units and
22 rental contributions of assisted families under sec-
23 tion 8(o).

24 “(5) OPERATION AND MANAGEMENT.—A state-
25 ment of the rules, standards, and policies of the pub-

lie housing agency governing maintenance and management of housing owned and operated by the public housing agency; and management of the public housing agency and programs of the public housing agency.

“(6) GRIEVANCE PROCEDURE.—A statement of the grievance procedures of the public housing agency.

“(7) CAPITAL IMPROVEMENTS.—With respect to public housing developments owned or operated by the public housing agency, a plan describing the capital improvements necessary to ensure long-term physical and social viability of the developments.

“(8) DEMOLITION AND DISPOSITION.—With respect to public housing developments owned or operated by the public housing agency—

“(A) a description of any housing to be demolished or disposed of; and

“(B) a timetable for that demolition or disposition.

“(9) DESIGNATION OF HOUSING FOR ELDERLY AND DISABLED FAMILIES.—With respect to public housing developments owned or operated by the public housing agency, a description of any developments (or portions thereof) that the public housing

1 agency has designated or will designate for occu-
 2 pancy by elderly and disabled families in accordance
 3 with section 7.

4 “(10) CONVERSION OF PUBLIC HOUSING.—

5 With respect to public housing owned or operated by
 6 a public housing agency—

7 “(A) a description of any building or build-
 8 ings that the public housing agency is required
 9 to convert to tenant-based assistance under sec-
 10 tion 31 or that the public housing agency volun-
 11 tarily converts under section 22;

12 “(B) an analysis of those buildings re-
 13 quired under that section for conversion; and

14 “(C) a statement of the amount of grant
 15 amounts to be used for rental assistance or
 16 other housing assistance.

17 “(11) HOMEOWNERSHIP ACTIVITIES.—A de-
 18 scription of any homeownership programs of the
 19 public housing agency and the requirements for par-
 20 ticipation in and the assistance available under those
 21 programs.

22 “(12) ECONOMIC SELF-SUFFICIENCY AND CO-
 23 ORDINATION WITH WELFARE AND OTHER APPRO-
 24 PRIATE AGENCIES.—A description of—

1 “(A) any programs relating to services and
2 amenities provided or offered to assisted fami-
3 lies;

4 “(B) any policies or programs of the public
5 housing agency for the enhancement of the eco-
6 nomic and social self-sufficiency of assisted
7 families; and

8 “(C) how the public housing agency will
9 comply with the requirements of subsections (c)
10 and (d) of section 12.

11 “(13) SAFETY AND CRIME PREVENTION.—A de-
12 scription of policies established by the public housing
13 agency that increase or maintain the safety of public
14 housing residents.

15 “(14) ANNUAL AUDIT.—The results of the most
16 recent fiscal year audit of the public housing agency.

17 “(e) RESIDENT ADVISORY BOARD.—

18 “(1) IN GENERAL.—Except as provided in para-
19 graph (3), each public housing agency shall establish
20 one or more resident advisory boards in accordance
21 with this subsection, the membership of which shall
22 adequately reflect and represent the residents of the
23 dwelling units owned, operated, or assisted by the
24 public housing agency.

1 “(2) PURPOSE.—Each resident advisory board
 2 established under this subsection shall assist and
 3 make recommendations regarding the development
 4 of the public housing agency plan. The public hous-
 5 ing agency shall consider the recommendations of
 6 the resident advisory board in preparing the final
 7 public housing agency plan, and shall include a copy
 8 of those recommendations in the public housing
 9 agency plan submitted to the Secretary under this
 10 section.

11 “(3) WAIVER.—The Secretary may waive the
 12 requirements of this subsection with respect to the
 13 establishment of a resident advisory board, if the
 14 public housing agency demonstrates to the satisfac-
 15 tion of the Secretary that there exists a resident
 16 council or other tenant organization of the public
 17 housing agency that—

18 “(A) adequately represents the interests of
 19 the tenants of the public housing agency; and

20 “(B) has the ability to perform the func-
 21 tions described in paragraph (2).

22 “(f) PUBLICATION OF NOTICE.—

23 “(1) IN GENERAL.—Not later than 45 days be-
 24 fore the date of a hearing conducted under para-
 25 graph (2) by the governing body of a public housing

1 agency, the public housing agency shall publish a no-
 2 tice informing the public that—

3 “(A) the proposed public housing agency
 4 plan is available for inspection at the principal
 5 office of the public housing agency during nor-
 6 mal business hours; and

7 “(B) a public hearing will be conducted to
 8 discuss the public housing agency plan and to
 9 invite public comment regarding that plan.

10 “(2) PUBLIC HEARING.—Each public housing
 11 agency shall, at a location that is convenient to resi-
 12 dents, conduct a public hearing, as provided in the
 13 notice published under paragraph (1).

14 “(3) ADOPTION OF PLAN.—After conducting
 15 the public hearing under paragraph (2), and after
 16 considering all public comments received and, in con-
 17 sultation with the resident advisory board, making
 18 any appropriate changes in the public housing agen-
 19 cy plan, the public housing agency shall—

20 “(A) adopt the public housing agency plan;
 21 and

22 “(B) submit the plan to the Secretary in
 23 accordance with this section.

24 “(g) AMENDMENTS AND MODIFICATIONS TO
 25 PLANS.—

1 ~~“(1) IN GENERAL.—Except as provided in para-~~
 2 ~~graph (2), nothing in this section shall preclude a~~
 3 ~~public housing agency, after submitting a plan to the~~
 4 ~~Secretary in accordance with this section, from~~
 5 ~~amending or modifying any policy, rule, regulation,~~
 6 ~~or plan of the public housing agency, except that no~~
 7 ~~such significant amendment or modification may be~~
 8 ~~adopted or implemented—~~

9 ~~“(A) other than at a duly called meeting of~~
 10 ~~commissioners (or other comparable governing~~
 11 ~~body) of the public housing agency that is open~~
 12 ~~to the public; and~~

13 ~~“(B) until notification of the amendment~~
 14 ~~or modification is provided to the Secretary and~~
 15 ~~approved in accordance with subsection (h)(2).~~

16 ~~“(2) CONSISTENCY.—Each significant amend-~~
 17 ~~ment or modification to a public housing agency~~
 18 ~~plan submitted to the Secretary under this section~~
 19 ~~shall—~~

20 ~~“(A) meet the consistency requirement of~~
 21 ~~subsection (e)(2);~~

22 ~~“(B) be subject to the notice and public~~
 23 ~~hearing requirements of subsection (f); and~~

24 ~~“(C) be subject to approval by the Sec-~~
 25 ~~retary in accordance with subsection (h)(2).~~

1 “(h) ~~TIMING OF PLANS.—~~

2 “(1) ~~IN GENERAL.—~~

3 “(A) ~~INITIAL SUBMISSION.—~~Each public
4 housing agency shall submit the initial plan re-
5 quired by this section, and any amendment or
6 modification to the initial plan, to the Secretary
7 at such time and in such form as the Secretary
8 shall require.

9 “(B) ~~ANNUAL SUBMISSION.—~~Not later
10 than 60 days prior to the start of the fiscal
11 year of the public housing agency, after initial
12 submission of the plan required by this section
13 in accordance with subparagraph (A), each pub-
14 lic housing agency shall annually submit to the
15 Secretary a plan update, including any amend-
16 ments or modifications to the public housing
17 agency plan.

18 “(2) ~~REVIEW AND APPROVAL.—~~

19 “(A) ~~REVIEW.—~~After submission of the
20 public housing agency plan or any amendment
21 or modification to the plan to the Secretary, to
22 the extent that the Secretary considers such ac-
23 tion to be necessary to make determinations
24 under this subparagraph, the Secretary shall re-
25 view the public housing agency plan (including

any amendments or modifications thereto) to determine whether the contents of the plan—

“(i) set forth the information required by this section to be contained in a public housing agency plan;

“(ii) are consistent with information and data available to the Secretary; and

“(iii) are prohibited by or inconsistent with any provision of this title or other applicable law.

“(B) APPROVAL.—

“(i) IN GENERAL.—Except as provided in paragraph (3)(B), not later than 60 days after the date on which a public housing agency plan is submitted in accordance with this section, the Secretary shall provide written notice to the public housing agency if the plan has been disapproved, stating with specificity the reasons for the disapproval.

“(ii) FAILURE TO PROVIDE NOTICE OF DISAPPROVAL.—If the Secretary does not provide notice of disapproval under clause (i) before the expiration of the 60-day period described in clause (i), the public

1 housing agency plan shall be deemed to be
2 approved by the Secretary.

3 ~~“(3) SECRETARIAL DISCRETION.—~~

4 ~~“(A) IN GENERAL.—~~The Secretary may re-
5 quire such additional information as the Sec-
6 retary determines to be appropriate for each
7 public housing agency that is—

8 ~~“(i) at risk of being designated as~~
9 troubled under section 6(j); or

10 ~~“(ii) designated as troubled under sec-~~
11 tion 6(j).

12 ~~“(B) TROUBLED AGENCIES.—~~The Sec-
13 retary shall provide explicit written approval or
14 disapproval, in a timely manner, for a public
15 housing agency plan submitted by any public
16 housing agency designated by the Secretary as
17 a troubled public housing agency under section
18 6(j).

19 ~~“(4) STREAMLINED PLAN.—~~In carrying out this
20 section, the Secretary may establish a streamlined
21 public housing agency plan for—

22 ~~“(A) public housing agencies that are de-~~
23 termined by the Secretary to be high perform-
24 ing public housing agencies; and

1 “(B) public housing agencies with less
 2 than 250 public housing units that have not
 3 been designated as troubled under section
 4 6(j).”.

5 (b) IMPLEMENTATION.—

6 (1) INTERIM RULE.—Not later than 120 days
 7 after the date of enactment of this Act, the Sec-
 8 retary shall issue an interim rule to require the sub-
 9 mission of an interim public housing agency plan by
 10 each public housing agency, as required by section
 11 5A of the United States Housing Act of 1937 (as
 12 added by subsection (a) of this section).

13 (2) FINAL REGULATIONS.—Not later than 1
 14 year after the date of enactment of this Act, in ac-
 15 cordance with the negotiated rulemaking procedures
 16 set forth in subchapter III of chapter 5 of title 5,
 17 United States Code, the Secretary shall promulgate
 18 final regulations implementing section 5A of the
 19 United States Housing Act of 1937 (as added by
 20 subsection (a) of this section).

21 (c) AUDIT AND REVIEW; REPORT.—

22 (1) AUDIT AND REVIEW.—Not later than 1 year
 23 after the effective date of final regulations promul-
 24 gated under subsection (b)(2), in order to determine
 25 the degree of compliance with public housing agency

1 plans approved under section 5A of the United
2 States Housing Act of 1937 (as added by subsection
3 (a) of this section) by public housing agencies; the
4 Comptroller General of the United States shall con-
5 duct—

6 (A) a review of a representative sample of
7 the public housing agency plans approved under
8 such section 5A before that date; and

9 (B) an audit and review of the public hous-
10 ing agencies submitting those plans.

11 (2) REPORT.—Not later than 2 years after the
12 date on which public housing agency plans are ini-
13 tially required to be submitted under section 5A of
14 the United States Housing Act of 1937 (as added by
15 subsection (a) of this section) the Comptroller Gen-
16 eral of the United States shall submit to Congress
17 a report, which shall include—

18 (A) a description of the results of each
19 audit and review under paragraph (1); and

20 (B) any recommendations for increasing
21 compliance by public housing agencies with
22 their public housing agency plans approved
23 under section 5A of the United States Housing
24 Act of 1937 (as added by subsection (a) of this
25 section).

1 **SEC. 107. CONTRACT PROVISIONS AND REQUIREMENTS.**

2 (a) **CONDITIONS.**—Section 6(a) of the United States
3 Housing Act of 1937 (42 U.S.C. 1437d(a)) is amended—

4 (1) in the first sentence, by inserting “, in a
5 manner consistent with the public housing agency
6 plan” before the period; and

7 (2) by striking the second sentence.

8 (b) **REPEAL OF FEDERAL PREFERENCES; REVISION**
9 **OF MAXIMUM INCOME LIMITS; CERTIFICATION OF COM-**
10 **PLIANCE WITH REQUIREMENTS; NOTIFICATION OF ELIGI-**
11 **BILITY.**—Section 6(c) of the United States Housing Act
12 of 1937 (42 U.S.C. 1437d(c)) is amended to read as fol-
13 lows:

14 “(c) [**Reserved.**]”.

15 (e) **EXCESS FUNDS.**—Section 6(e) of the United
16 States Housing Act of 1937 (42 U.S.C. 1437d(e)) is
17 amended to read as follows:

18 “(e) [**Reserved.**]”.

19 (d) **PERFORMANCE INDICATORS FOR PUBLIC HOUS-**
20 **ING AGENCIES.**—Section 6(j) of the United States Hous-
21 ing Act of 1937 (42 U.S.C. 1437d(j)) is amended—

22 (1) in paragraph (1)—

23 (A) in subparagraph (B)—

24 (i) by striking “obligated” and insert-
25 ing “provided”; and

1 (ii) by striking “unexpended” and in-
 2 serting “unobligated by the public housing
 3 agency”;

4 (B) in subparagraph (D), by striking “en-
 5 ergy” and inserting “utility”;

6 (C) by redesignating subparagraph (H) as
 7 subparagraph (J); and

8 (D) by inserting after subparagraph (G)
 9 the following:

10 “(H) The extent to which the public hous-
 11 ing agency provides—

12 “(i) effective programs and activities
 13 to promote the economic self-sufficiency of
 14 public housing tenants; and

15 “(ii) public housing tenants with op-
 16 portunities for involvement in the adminis-
 17 tration of the public housing;

18 “(I) The extent to which the public hous-
 19 ing agency implements—

20 “(i) effective screening and eviction
 21 policies; and

22 “(ii) other anticrime strategies;
 23 including the extent to which the public housing
 24 agency coordinates with local government offi-

1 cials and tenants in the development and imple-
 2 mentation of these strategies.

3 “(J) The extent to which the public hous-
 4 ing agency successfully meets the goals and ear-
 5 ries out the activities and programs of the pub-
 6 lic housing agency plan under section 5(A).”;
 7 and

8 (2) in paragraph (2)(A)(i), by inserting after
 9 the first sentence the following: “The Secretary may
 10 use a simplified set of indicators for public housing
 11 agencies with less than 250 public housing units.”.

12 ~~(c) DRUG-RELATED AND CRIMINAL ACTIVITY.—~~

13 ~~(1) PUBLIC HOUSING.—~~Section 6(k) of the
 14 United States Housing Act of 1937 (42 U.S.C.
 15 1437d(k)) is amended, in the matter following para-
 16 graph (6)—

17 (A) by striking “drug-related” and insert-
 18 ing “violent or drug-related”; and

19 (B) by inserting “or any activity resulting
 20 in a felony conviction,” after “on or off such
 21 premises.”.

22 ~~(2) LOWER INCOME HOUSING ASSISTANCE.—~~
 23 Section 8(d)(1)(B)(iii) of the United States Housing
 24 Act of 1937 (42 U.S.C. 1437f(d)(1)(B)(iii))—

1 (A) by striking “drug-related” and insert-
2 ing “violent or drug-related”; and

3 (B) by striking “on or near such premises”
4 and inserting “on or off such premises; or any
5 activity resulting in a felony conviction”.

6 (f) LEASES.—Section 6(1) of the United States Hous-
7 ing Act of 1937 (42 U.S.C. 1437d(1)) is amended—

8 (1) in paragraph (3), by striking “not be less
9 than” and all that follows before the semicolon and
10 inserting “be the period of time required under
11 State law”;

12 (2) in paragraph (5)—

13 (A) by striking “drug-related” and insert-
14 ing “violent or drug-related”; and

15 (B) by inserting “or any activity resulting
16 in a felony conviction,” after “on or off such
17 premises,”.

18 (3) in paragraph (6), by striking “and” at the
19 end;

20 (4) by redesignating paragraph (7) as para-
21 graph (8); and

22 (5) by inserting after paragraph (6) following:

23 “(7) provide that any occupancy in violation of
24 section 7(e)(1) or the furnishing of any false or mis-

1 leading information pursuant to section 7(c)(2) shall
 2 be cause for termination of tenancy; and”.

3 ~~(g) PUBLIC HOUSING ASSISTANCE TO FOSTER CARE~~
 4 ~~CHILDREN.~~—Section 6(o) of the United States Housing
 5 Act of 1937 (42 U.S.C. 1437d(o)) is amended by striking
 6 “Subject” and all that follows through “; in” and inserting
 7 “In”.

8 ~~(h) PREFERENCE FOR AREAS WITH INADEQUATE~~
 9 ~~SUPPLY OF VERY LOW-INCOME HOUSING.~~—Section 6(p)
 10 of the United States Housing Act of 1937 (42 U.S.C.
 11 1437d(p)) is amended to read as follows:

12 “(p) [Reserved.]”.

13 ~~(i) TRANSITION RULE RELATING TO PREF-~~
 14 ~~ERENCES.~~—During the period beginning on the date of
 15 enactment of this Act and ending on the date on which
 16 the initial public housing agency plan of a public housing
 17 agency is approved under section 5A of the United States
 18 Housing Act of 1937 (as added by this Act) the public
 19 housing agency may establish local preferences for making
 20 available public housing under the United States Housing
 21 Act of 1937 and for providing tenant-based assistance
 22 under section 8 of that Act.

1 **SEC. 108. EXPANSION OF POWERS.**

2 (a) ~~IN GENERAL.~~—Section 6(j)(3) of the United
3 States Housing Act of 1937 (42 U.S.C. 1437d(j)(3)) is
4 amended—

5 (1) in subparagraph (A)—

6 (A) by redesignating clauses (iii) and (iv)
7 as clauses (iv) and (v), respectively; and

8 (B) by inserting after clause (ii) the follow-
9 ing:

10 “(iii) take possession of the public housing
11 agency, including any project or function of the
12 agency, including any project or function under any
13 other provision of this title;”;

14 (2) by redesignating subparagraphs (B)
15 through (D) as subparagraphs (E) through (G), re-
16 spectively;

17 (3) by inserting after subparagraph (A) the fol-
18 lowing:

19 “(B)(i) If a public housing agency is identified as
20 troubled under this subsection, the Secretary shall notify
21 the agency of the troubled status of the agency.

22 “(ii) The Secretary may give a public housing agency
23 a 1-year period, beginning on the later of the date on
24 which the agency receives notice from the Secretary of the
25 troubled status of the agency under clause (i), and the
26 date of enactment of the Public Housing Reform and Re-

1 sponsibility Act of 1997, within which to demonstrate im-
 2 provement satisfactory to the Secretary. Nothing in this
 3 clause shall preclude the Secretary from taking any action
 4 the Secretary considers necessary before the commence-
 5 ment or the expiration of the 1-year period described in
 6 this clause.

7 “(iii) Upon the expiration of the 1-year period de-
 8 scribed in clause (ii), if the troubled public housing agency
 9 has not demonstrated improvement satisfactory to the
 10 Secretary and the Secretary has not yet declared the agen-
 11 cy to be in breach of the contract of the agency with the
 12 Federal Government under this title, the Secretary shall
 13 declare the public housing agency to be in substantial de-
 14 fault, as described in subparagraph (A).

15 “(iv) Upon declaration of a substantial default under
 16 clause (iii), the Secretary—

17 “(I) shall either—

18 “(aa) petition for the appointment of a re-
 19 ceiver pursuant to subparagraph (A)(ii);

20 “(bb) take possession of the public housing
 21 agency or any public housing projects of the
 22 public housing agency pursuant to subpara-
 23 graph (A)(iii); or

1 “(cc) take such actions as the Secretary
2 determines to be necessary to cure the substan-
3 tial default; and

4 “(H) may, in addition, take other appropriate
5 action.

6 “(C)(i) If a receiver is appointed pursuant to sub-
7 paragraph (A)(ii), in addition to the powers accorded by
8 the court appointing the receiver, the receiver—

9 “(I) may abrogate a contract that, in the deter-
10 mination of the receiver (which determination shall
11 be in writing and shall include the basis for such de-
12 termination), substantially impedes correction of the
13 substantial default, only if the receiver has deter-
14 mined that reasonable efforts to renegotiate the con-
15 tract have failed;

16 “(H) may demolish and dispose of the assets of
17 the public housing agency, in accordance with sec-
18 tion 18, including the transfer of properties to resi-
19 dent-supported nonprofit entities;

20 “(III) if determined to be appropriate by the
21 Secretary, may require the establishment, as per-
22 mitted by applicable State and local law, of one or
23 more new public housing agencies; and

24 “(IV) shall not be subject to any State or local
25 law relating to civil service requirements, employee

1 rights, procurement, or financial or administrative
 2 controls that, in the determination of the receiver
 3 (which determination shall be made in writing and
 4 shall include the basis for the determination), sub-
 5 stantially impedes correction of the substantial de-
 6 fault.

7 “(ii) In this subparagraph, the term ‘public housing
 8 agency’ includes any project or function of a public hous-
 9 ing agency, as appropriate, including any project or func-
 10 tion under any other provision of this title.

11 “(D)(i) If the Secretary takes possession of a public
 12 housing agency, or any project or function of the agency,
 13 pursuant to subparagraph (A)(iii), the Secretary—

14 “(I) may abrogate a contract that, in the deter-
 15 mination of the Secretary (which determination shall
 16 be in writing and shall include the basis for such de-
 17 termination), substantially impedes correction of the
 18 substantial default, only if the Secretary has deter-
 19 mined that reasonable efforts to renegotiate the con-
 20 tract have failed;

21 “(H) may demolish and dispose of the assets of
 22 the public housing agency, in accordance with sec-
 23 tion 18, including the transfer of properties to resi-
 24 dent-supported nonprofit entities;

1 “(III) may require the establishment, as per-
 2 mitted by applicable State and local law, of one or
 3 more new public housing agencies;

4 “(IV) shall not be subject to any State or local
 5 law relating to civil service requirements, employee
 6 rights, procurement, or financial or administrative
 7 controls that, in the determination of the Secretary
 8 (which determination shall be made in writing and
 9 shall include the basis for the determination), sub-
 10 stantially impedes correction of the substantial de-
 11 fault; and

12 “(V) shall have such additional authority as a
 13 district court of the United States has the authority
 14 to confer under like circumstances upon a receiver to
 15 fulfill the purposes of the receivership.

16 “(ii) The Secretary may appoint, on a competitive or
 17 noncompetitive basis, an individual or entity as an admin-
 18 istrative receiver to assume the responsibilities of the Sec-
 19 retary under this subparagraph for the administration of
 20 a public housing agency. The Secretary may delegate to
 21 the administrative receiver any or all of the powers given
 22 the Secretary by this subparagraph, as the Secretary de-
 23 termines to be appropriate.

24 “(iii) Regardless of any delegation under this sub-
 25 paragraph, an administrative receiver may not require the

1 establishment of one or more new public housing agencies
 2 pursuant to clause (i)(III), unless the Secretary first ap-
 3 proves an application by the administrative receiver to au-
 4 thorize such establishment.

5 “(iv) In this subparagraph, the term ‘public housing
 6 agency’ includes any project or function of a public hous-
 7 ing agency, as appropriate, including any project or func-
 8 tion under any other provision of this title.”; and

9 (4) by adding at the end the following:

10 “(H) If the Secretary (or an administrative receiver
 11 appointed by the Secretary) takes possession of a public
 12 housing agency (including any project or function of the
 13 agency), or if a receiver is appointed by a court, the Sec-
 14 retary or receiver shall be deemed to be acting not in the
 15 official capacity of that person or entity, but rather in the
 16 capacity of the public housing agency, and any liability
 17 incurred, regardless of whether the incident giving rise to
 18 that liability occurred while the Secretary or receiver was
 19 in possession of the public housing agency (including any
 20 project or function of the agency), shall be the liability
 21 of the public housing agency.”.

22 (b) APPLICABILITY.—The amendments made by sub-
 23 section (a) shall apply—

24 (1) to a public housing agency that is found to
 25 be in substantial default, on or after the date of en-

1 actment of this Act, with respect to the covenants or
 2 conditions to which the agency is subject (as such
 3 substantial default is defined in the contract for con-
 4 tributions of the agency) or with respect to an agree-
 5 ment entered into under section 6(j)(2)(C) of the
 6 United States Housing Act of 1937;

7 (2) with respect to any action taken before, on,
 8 or after the date of enactment of this Act; and

9 (3) to any receiver appointed for a public hous-
 10 ing agency before the date of enactment of this Act.

11 **SEC. 109. PUBLIC HOUSING CAPITAL AND OPERATING**
 12 **FUNDS.**

13 (a) **IN GENERAL.**—Section 9 of the United States
 14 Housing Act of 1937 (42 U.S.C. 1437g) is amended to
 15 read as follows:

16 **“SEC. 9. PUBLIC HOUSING CAPITAL AND OPERATING**
 17 **FUNDS.**

18 “(a) **IN GENERAL.**—Except for assistance provided
 19 under section 8 of this Act or as otherwise provided in
 20 the Public Housing Reform and Responsibility Act of
 21 1997, all programs under which assistance is provided for
 22 public housing under this Act on the day before October
 23 1, 1998, shall be merged, as appropriate, into either—

24 “(1) the Capital Fund established under sub-
 25 section (c); or

1 ~~“(2) the Operating Fund established under sub-~~
 2 ~~section (d).~~

3 ~~“(b) USE OF EXISTING FUNDS.—With the exception~~
 4 ~~of funds made available pursuant to section 8 or section~~
 5 ~~20(f) and funds made available for the urban revitalization~~
 6 ~~demonstration program authorized under the Department~~
 7 ~~of Veterans Affairs and Housing and Urban Development,~~
 8 ~~and Independent Agencies Appropriations Acts—~~

9 ~~“(1) funds made available to the Secretary for~~
 10 ~~public housing purposes that have not been obligated~~
 11 ~~by the Secretary to a public housing agency as of~~
 12 ~~October 1, 1998, shall be made available, for the pe-~~
 13 ~~riod originally provided in law, for use in either the~~
 14 ~~Capital Fund or the Operating Fund, as appro-~~
 15 ~~priate; and~~

16 ~~“(2) funds made available to the Secretary for~~
 17 ~~public housing purposes that have been obligated by~~
 18 ~~the Secretary to a public housing agency but that,~~
 19 ~~as of October 1, 1998, have not been obligated by~~
 20 ~~the public housing agency, may be made available by~~
 21 ~~that public housing agency, for the period originally~~
 22 ~~provided in law, for use in either the Capital Fund~~
 23 ~~or the Operating Fund, as appropriate.~~

24 ~~“(c) CAPITAL FUND.—~~

1 “(1) IN GENERAL.—The Secretary shall estab-
 2 lish a Capital Fund for the purpose of making as-
 3 sistance available to public housing agencies to carry
 4 out capital and management activities, including—

5 “(A) the development and modernization of
 6 public housing projects, including the redesign,
 7 reconstruction, and reconfiguration of public
 8 housing sites and buildings and the develop-
 9 ment of mixed-finance projects;

10 “(B) vacancy reduction;

11 “(C) addressing deferred maintenance
 12 needs and the replacement of dwelling equip-
 13 ment;

14 “(D) planned code compliance;

15 “(E) management improvements;

16 “(F) demolition and replacement;

17 “(G) tenant relocation;

18 “(H) capital expenditures to facilitate pro-
 19 grams to improve the economic empowerment
 20 and self-sufficiency of public housing tenants;
 21 and

22 “(I) capital expenditures to improve the se-
 23 curity and safety of residents.

24 “(2) ESTABLISHMENT OF CAPITAL FUND FOR-
 25 MULA.—The Secretary shall develop a formula for

1 providing assistance under the Capital Fund, which
2 may take into account—

3 “(A) the number of public housing dwell-
4 ing units owned or operated by the public hous-
5 ing agency and the percentage of those units
6 that are occupied by very low-income families;

7 “(B) if applicable, the reduction in the
8 number of public housing units owned or oper-
9 ated by the public housing agency as a result
10 of any conversion to a system of tenant-based
11 assistance;

12 “(C) the costs to the public housing agency
13 of meeting the rehabilitation and modernization
14 needs, and meeting the reconstruction, develop-
15 ment, and demolition needs of public housing
16 dwelling units owned and operated by the public
17 housing agency;

18 “(D) the degree of household poverty
19 served by the public housing agency;

20 “(E) the costs to the public housing agen-
21 cy of providing a safe and secure environment
22 in public housing units owned and operated by
23 the public housing agency; and

1 ~~“(F) the ability of the public housing agen-~~
 2 ~~cy to effectively administer the Capital Fund~~
 3 ~~distribution of the public housing agency.~~

4 ~~“(d) OPERATING FUND.—~~

5 ~~“(1) IN GENERAL.—The Secretary shall estab-~~
 6 ~~lish an Operating Fund for the purpose of making~~
 7 ~~assistance available to public housing agencies for~~
 8 ~~the operation and management of public housing, in-~~
 9 ~~cluding—~~

10 ~~“(A) procedures and systems to maintain~~
 11 ~~and ensure the efficient management and oper-~~
 12 ~~ation of public housing units;~~

13 ~~“(B) activities to ensure a program of rou-~~
 14 ~~tine preventative maintenance;~~

15 ~~“(C) antierime and antidrug activities, in-~~
 16 ~~cluding the costs of providing adequate security~~
 17 ~~for public housing tenants;~~

18 ~~“(D) activities related to the provision of~~
 19 ~~services, including service coordinators for el-~~
 20 ~~derly persons or persons with disabilities;~~

21 ~~“(E) activities to provide for management~~
 22 ~~and participation in the management of public~~
 23 ~~housing by public housing tenants;~~

24 ~~“(F) the costs associated with the oper-~~
 25 ~~ation and management of mixed-finance~~

1 projects, to the extent appropriate (including
 2 the funding of an operating reserve to ensure
 3 affordability for low-income families in lieu of
 4 the availability of operating funds for public
 5 housing units in a mixed-finance project);

6 “(G) the reasonable costs of insurance;

7 “(H) the reasonable energy costs associ-
 8 ated with public housing units, with an empha-
 9 sis on energy conservation; and

10 “(I) the costs of administering a public
 11 housing work program under section 12, includ-
 12 ing the costs of any related insurance needs.

13 “(2) ESTABLISHMENT OF OPERATING FUND
 14 FORMULA.—The Secretary shall establish a formula
 15 for providing assistance under the Operating Fund,
 16 which may take into account—

17 “(A) standards for the costs of operation
 18 and reasonable projections of income, taking
 19 into account the character and location of the
 20 public housing project and characteristics of the
 21 families served, or the costs of providing com-
 22 parable services as determined with criteria or
 23 a formula representing the operations of a pro-
 24 totype well-managed public housing project;

1 “(B) the number of public housing dwell-
2 ing units owned and operated by the public
3 housing agency; the percentage of those units
4 that are occupied by very low-income families;
5 and, if applicable, the reduction in the number
6 of public housing units as a result of any con-
7 version to a system of tenant-based assistance;

8 “(C) the degree of household poverty
9 served by a public housing agency;

10 “(D) the extent to which the public hous-
11 ing agency provides programs and activities de-
12 signed to promote the economic self-sufficiency
13 and management skills of public housing ten-
14 ants;

15 “(E) the number of dwelling units owned
16 and operated by the public housing agency that
17 are chronically vacant and the amount of assist-
18 ance appropriate for those units;

19 “(F) the costs of the public housing agency
20 associated with antirime and antidrug activi-
21 ties, including the costs of providing adequate
22 security for public housing tenants; and

23 “(G) the ability of the public housing agen-
24 cy to effectively administer the Operating Fund
25 distribution of the public housing agency.

1 “(e) LIMITATIONS ON USE OF FUNDS.—

2 “(1) IN GENERAL.—Each public housing agen-
 3 cy may use not more than 20 percent of the Capital
 4 Fund distribution of the public housing agency for
 5 activities that are eligible for assistance under the
 6 Operating Fund under subsection (d), if the public
 7 housing agency plan provides for such use.

8 “(2) NEW CONSTRUCTION.—

9 “(A) IN GENERAL.—A public housing
 10 agency may not use any of the Capital Fund or
 11 Operating Fund distributions of the public
 12 housing agency for the purpose of constructing
 13 any public housing unit, if such construction
 14 would result in a net increase in the number of
 15 public housing units owned or operated by the
 16 public housing agency on the date of enactment
 17 of the Public Housing Reform and Responsibil-
 18 ity Act of 1997, including any public housing
 19 units demolished as part of any revitalization
 20 effort.

21 “(B) EXCEPTION.—Notwithstanding sub-
 22 paragraph (A), a public housing agency may
 23 use the Capital Fund or Operating Fund dis-
 24 tributions of the public housing agency for the
 25 construction and operation of housing units

1 that are available and affordable to low-income
 2 families in excess of the limitations on new con-
 3 struction set forth in subparagraph (A); except
 4 that the formulas established under subsections
 5 (e)(2) and (d)(2) shall not provide additional
 6 funding for the specific purpose of allowing con-
 7 struction and operation of housing in excess of
 8 those limitations.

9 “(f) DIRECT PROVISION OF OPERATING AND CAP-
 10 ITAL ASSISTANCE.—

11 “(1) IN GENERAL.—The Secretary shall directly
 12 provide operating and capital assistance under this
 13 section to a resident management corporation man-
 14 aging a public housing development pursuant to a
 15 contract under this section, but only if—

16 “(A) the resident management corporation
 17 petitions the Secretary for the release of the
 18 funds;

19 “(B) the contract provides for the resident
 20 management corporation to assume the primary
 21 management responsibilities of the public hous-
 22 ing agency; and

23 “(C) the Secretary determines that the
 24 corporation has the capability to effectively dis-
 25 charge such responsibilities.

1 ~~“(2) USE OF ASSISTANCE.—Any operating and~~
 2 capital assistance provided to a resident manage-
 3 ment pursuant to this subsection shall be used for
 4 purposes of operating the public housing develop-
 5 ments of the agency and performing such other eligi-
 6 ble activities with respect to public housing as may
 7 be provided under the contract.

8 ~~“(3) RESPONSIBILITY OF PUBLIC HOUSING~~
 9 ~~AGENCY.—If the Secretary provides direct funding~~
 10 to a resident management corporation under this
 11 subsection, the public housing agency shall not be
 12 responsible for the actions of the resident manage-
 13 ment corporation.

14 ~~“(g) TECHNICAL ASSISTANCE.—To the extent ap-~~
 15 proved in advance in appropriations Acts, the Secretary
 16 may make grants or enter into contracts in accordance
 17 with this subsection for purposes of providing, either di-
 18 rectly or indirectly—

19 ~~“(1) technical assistance to public housing~~
 20 agencies, resident councils, resident organizations,
 21 and resident management corporations, including as-
 22 sistance relating to monitoring and inspections;

23 ~~“(2) training for public housing agency employ-~~
 24 ees and tenants;

25 ~~“(3) data collection and analysis; and~~

1 “(4) training, technical assistance, and edu-
2 cation to assist public housing agencies that are—

3 “(A) at risk of being designated as trou-
4 bled under section 6(j) from being so des-
5 ignated; and

6 “(B) designated as troubled under section
7 6(j) in achieving the removal of that designa-
8 tion.

9 “(h) EMERGENCY RESERVE.—

10 “(1) IN GENERAL.—

11 “(A) SET-ASIDE.—In each fiscal year, the
12 Secretary shall set aside not more than 2 per-
13 cent of the amount made available for use
14 under the capital fund to carry out this section
15 for that fiscal year for use in accordance with
16 this subsection.

17 “(B) USE OF FUNDS.—Amounts set aside
18 under this paragraph shall be available to the
19 Secretary for use in connection with—

20 “(i) emergencies and other disasters;

21 “(ii) housing needs resulting from any
22 settlement of litigation; and

23 “(iii) the Operation Safe Home pro-
24 gram, except that amounts set aside under

1 this clause may not exceed \$10,000,000 in
2 any fiscal year.

3 ~~“(2) LIMITATION.—~~With respect to any fiscal
4 year, the Secretary may carry over not more than a
5 total of \$25,000,000 in unobligated amounts set
6 aside under this subsection for use in connection
7 with the activities described in paragraph (1)(B)
8 during the succeeding fiscal year.

9 ~~“(3) REPORTS.—~~The Secretary and the Office
10 of Inspector General shall report to the Committee
11 on Banking, Housing, and Urban Affairs of the Sen-
12 ate and the Committee on Banking and Financial
13 Services of the House of Representatives regarding
14 the feasibility of transferring the authority to admin-
15 ister the program functions implemented to reduce
16 violent crime in public housing under Operation Safe
17 Home to the Office of Public and Indian Housing or
18 to the Department of Justice.

19 ~~“(4) PUBLICATION.—~~The Secretary shall pub-
20 lish the use of any amounts allocated under this sub-
21 section relating to emergencies (other disasters and
22 housing needs resulting from any settlement of liti-
23 gation) in the Federal Register.”.

24 (b) IMPLEMENTATION; EFFECTIVE DATE; TRANSI-
25 TION PERIOD.—

1 (1) IMPLEMENTATION.—Not later than 1 year
 2 after the date of enactment of this Act, in accord-
 3 ance with the negotiated rulemaking procedures set
 4 forth in subchapter III of chapter 5 of title 5, Unit-
 5 ed States Code, the Secretary shall establish the for-
 6 mulas described in subsections (c)(3) and (d)(2) of
 7 section 9 of the Public Housing Reform and Respon-
 8 sibility Act of 1997, as amended by this section.

9 (2) EFFECTIVE DATE.—The formulas estab-
 10 lished under paragraph (1) shall be effective only
 11 with respect to amounts made available under sec-
 12 tion 9 of the United States Housing Act of 1937, as
 13 amended by this section, in fiscal year 1999 or in
 14 any succeeding fiscal year.

15 (3) TRANSITION PERIOD.—Prior to the effective
 16 date described in paragraph (2), the Secretary shall
 17 provide that each public housing agency shall receive
 18 funding under sections 9 and 14 of the United
 19 States Housing Act of 1937, as those sections ex-
 20 isted on the day before the date of enactment of this
 21 Act.

22 **SEC. 110. LABOR STANDARDS.**

23 Section 12 of the United States Housing Act of 1937
 24 (42 U.S.C. 1437j) is amended by adding at the end the
 25 following:

1 “(c) WORK REQUIREMENT.—

2 “(1) MINIMUM REQUIREMENT.—Notwithstand-
3 ing any other provision of law, each adult member
4 of each family assisted under this title shall contrib-
5 ute not less than 8 hours of volunteer work per
6 month (not to include any political activity) within
7 the community in which that adult resides.

8 “(2) INCLUSION IN PLAN.—Each public housing
9 agency shall include in the public housing agency
10 plan a detailed description of the manner in which
11 the public housing agency intends to implement and
12 administer paragraph (1).

13 “(3) EXEMPTIONS.—The Secretary may provide
14 an exemption from paragraph (1) for any adult who
15 is—

16 “(A) not less than 62 years of age;

17 “(B) a person with disabilities who is un-
18 able, as determined in accordance with guide-
19 lines established by the Secretary, to comply
20 with this section;

21 “(C) working not less than 20 hours per
22 week, a student, receiving vocational training,
23 or otherwise meeting work, training, or edu-
24 cational requirements of a public assistance
25 program; or

1 ~~“(D) a single parent or the spouse of an~~
 2 ~~otherwise exempt individual who is the primary~~
 3 ~~caretaker of one or more children who are 6~~
 4 ~~years of age or younger.~~

5 ~~“(d) SELF-SUFFICIENCY.—~~

6 ~~“(1) DEFINITIONS.—In this subsection—~~

7 ~~“(A) the term ‘covered family’ means a~~
 8 ~~family that—~~

9 ~~“(i) receives benefits for welfare or~~
 10 ~~public assistance from a State or other~~
 11 ~~public agency under a program for which~~
 12 ~~the Federal, State, or local law relating to~~
 13 ~~the program requires, as a condition of eli-~~
 14 ~~gibility for assistance under the program;~~
 15 ~~participation of a member of the family in~~
 16 ~~a self-sufficiency program; and~~

17 ~~“(ii) resides in a public housing dwell-~~
 18 ~~ing unit or is provided tenant-based assist-~~
 19 ~~ance; and~~

20 ~~“(B) the term ‘self-sufficiency program’~~
 21 ~~means any program designed to encourage, as-~~
 22 ~~sist, train, or facilitate the economic independ-~~
 23 ~~ence of participants and their families or to~~
 24 ~~provide work for participants, including pro-~~
 25 ~~grams for job training, employment counseling,~~

1 work placement, basic skills training, education,
2 workfare, money or household management, ap-
3 prenticeship, or other activities.

4 “(2) COMPLIANCE.—

5 “(A) SANCTIONS.—Notwithstanding any
6 other provision of law, if the welfare or public
7 assistance benefits of a covered family are re-
8 duced under a Federal, State, or local law re-
9 garding such an assistance program because of
10 any failure of any member of the family to com-
11 ply with the conditions under the assistance
12 program requiring participation in a self-suffi-
13 ciency program, or because of an act of fraud
14 by any member of the family under the law or
15 program, the amount required to be paid by the
16 family as a monthly contribution toward rent
17 may not be decreased, during the period of the
18 reduction, as a result of any decrease in the in-
19 come of the family (to the extent that the de-
20 crease in income is a result of the benefits re-
21 duction).

22 “(B) REVIEW.—Any covered family resid-
23 ing in public housing that is affected by the op-
24 eration of this paragraph shall have the right to
25 review the determination under this paragraph

1 through the administrative grievance procedure
 2 for the public housing agency.

3 “(C) NOTICE.—Subparagraph (A) shall
 4 not apply to any covered family before the pub-
 5 lic housing agency providing assistance under
 6 this Act on behalf of the family obtains written
 7 notification from the relevant welfare or public
 8 assistance agency specifying that the family’s
 9 benefits have been reduced because of non-
 10 compliance with self-sufficiency program re-
 11 quirements and the level of such reduction.

12 “(3) OCCUPANCY RIGHTS.—This subsection
 13 may not be construed to authorize any public hous-
 14 ing agency to limit the duration of tenancy in a pub-
 15 lic housing dwelling unit or of tenant-based assist-
 16 ance.

17 “(4) COOPERATION AGREEMENTS FOR SELF-
 18 SUFFICIENCY ACTIVITIES.—

19 “(A) REQUIREMENT.—To the maximum
 20 extent practicable, a public housing agency pro-
 21 viding public housing dwelling units or tenant-
 22 based assistance for covered families shall enter
 23 into such cooperation agreements, with State,
 24 local, and other agencies providing assistance to
 25 covered families under welfare or public assist-

1 ance programs, as may be necessary, to provide
2 for such agencies to transfer information to fa-
3 cilitate administration of subsection (c) or para-
4 graph (2) of this subsection, and other informa-
5 tion regarding rents, income, and assistance
6 that may assist a public housing agency or wel-
7 fare or public assistance agency in carrying out
8 its functions.

9 “(B) CONTENTS.—A public housing agen-
10 cy shall seek to include in a cooperation agree-
11 ment under this paragraph requirements and
12 provisions designed to target assistance under
13 welfare and public assistance programs to fami-
14 lies residing in public and other assisted hous-
15 ing developments, which may include providing
16 for self-sufficiency services within such housing,
17 providing for services designed to meet the
18 unique employment-related needs of residents of
19 such housing, providing for placement of
20 workfare positions on-site in such housing, and
21 such other elements as may be appropriate.

22 “(C) CONFIDENTIALITY.—This paragraph
23 may not be construed to authorize any release
24 of information that is prohibited by, or in con-

1 travention of, any other provision of Federal,
2 State, or local law.”.

3 **SEC. 111. REPEAL OF ENERGY CONSERVATION; CONSORTIA**
4 **AND JOINT VENTURES.**

5 Section 13 of the United States Housing Act of 1937
6 (42 U.S.C. 1437k) is amended to read as follows:

7 **“SEC. 13. CONSORTIA, JOINT VENTURES, AFFILIATES, AND**
8 **SUBSIDIARIES OF PUBLIC HOUSING AGEN-**
9 **CIES.**

10 “(a) CONSORTIA.—

11 “(1) IN GENERAL.—Any 2 or more public hous-
12 ing agencies may participate in a consortium for the
13 purpose of administering any or all of the housing
14 programs of those public housing agencies in accord-
15 ance with this section.

16 “(2) EFFECT.—With respect to any consortium
17 described in paragraph (1)—

18 “(A) any assistance made available under
19 this title to each of the public housing agencies
20 participating in the consortium shall be paid to
21 the consortium; and

22 “(B) all planning and reporting require-
23 ments imposed upon each public housing agency
24 participating in the consortium with respect to

1 the programs operated by the consortium shall
 2 be consolidated.

3 ~~“(3) RESTRICTIONS.—~~

4 ~~“(A) AGREEMENT.—Each consortium de-~~
 5 ~~scribed in paragraph (1) shall be formed and~~
 6 ~~operated in accordance with a consortium~~
 7 ~~agreement, and shall be subject to the require-~~
 8 ~~ments of a joint public housing agency plan,~~
 9 ~~which shall be submitted by the consortium in~~
 10 ~~accordance with section 5A.~~

11 ~~“(B) MINIMUM REQUIREMENTS.—The Sec-~~
 12 ~~retary shall specify minimum requirements re-~~
 13 ~~lating to the formation and operation of consor-~~
 14 ~~tia and the minimum contents of consortium~~
 15 ~~agreements under this paragraph.~~

16 ~~“(b) JOINT VENTURES.—~~

17 ~~“(1) IN GENERAL.—Notwithstanding any other~~
 18 ~~provision of law, a public housing agency, in accord-~~
 19 ~~ance with the public housing agency plan, may—~~

20 ~~“(A) form and operate wholly owned or~~
 21 ~~controlled subsidiaries (which may be nonprofit~~
 22 ~~corporations) and other affiliates, any of which~~
 23 ~~may be directed, managed, or controlled by the~~
 24 ~~same persons who constitute the board of com-~~
 25 ~~missioners or other similar governing body of~~

the public housing agency, or who serve as employees or staff of the public housing agency; or

“(B) enter into joint ventures, partnerships, or other business arrangements with, or contract with, any person, organization, entity, or governmental unit, with respect to the administration of the programs of the public housing agency, including any program that is subject to this title.

“(2) USE OF AND TREATMENT INCOME.—Any income generated under paragraph (1)—

“(A) shall be used for low-income housing or to benefit the tenants of the public housing agency; and

“(B) shall not result in any decrease in any amount provided to the public housing agency under this title.

“(3) AUDITS.—The Comptroller General of the United States, the Secretary, and the Inspector General of the Department of Housing and Urban Development may conduct an audit of any activity undertaken under paragraph (1) at any time.”.

SEC. 112. REPEAL OF MODERNIZATION FUND.

(a) IN GENERAL.—Section 14 of the United States Housing Act of 1937 (42 U.S.C. 1437l) is repealed.

1 (b) CONFORMING AMENDMENTS.—The United States
 2 Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amend-
 3 ed—

4 (1) in section 5(e)(5), by striking “for use
 5 under section 14 or”;

6 (2) in section 5(e)(7)—

7 (A) in subparagraph (A)—

8 (i) by striking clause (iii); and

9 (ii) by redesignating clauses (iv)
 10 through (x) as clauses (iii) through (ix),
 11 respectively; and

12 (B) in subparagraph (B)—

13 (i) by striking clause (iii); and

14 (ii) by redesignating clauses (iv)
 15 through (x) as clauses (iii) through (ix),
 16 respectively;

17 (3) in section 6(j)(1)—

18 (A) by striking subparagraph (B); and

19 (B) by redesignating subparagraphs (C)
 20 through (H) as subparagraphs (B) through (G),
 21 respectively;

22 (4) in section 6(j)(2)(A)—

23 (A) in clause (i), by striking “The Sec-
 24 retary shall also designate,” and all that follows
 25 through the period at the end; and

1 ~~(B)~~ in clause (iii), by striking “(including
2 designation as a troubled agency for purposes
3 of the program under section 14)”;

4 ~~(5)~~ in section 6(j)(2)(B)—

5 (A) in clause (i), by striking “and deter-
6 mining that an assessment under this subpara-
7 graph will not duplicate any review conducted
8 under section 14(p)”;

9 ~~(B)~~ in clause (ii)—

10 (i) by striking “(I) the agency’s com-
11 prehensive plan prepared pursuant to sec-
12 tion 14 adequately and appropriately ad-
13 dresses the rehabilitation needs of the
14 agency’s inventory, (II)” and inserting
15 “(I)”;

16 (ii) by striking “(III)” and inserting
17 “(II)”;

18 ~~(6)~~ in section 6(j)(3)—

19 (A) in clause (ii), by adding “and” at the
20 end;

21 (B) by striking clause (iii); and

22 (C) by redesignating clause (iv) as clause
23 (iii);

24 ~~(7)~~ in section 6(j)(4)—

1 (A) in subparagraph (D), by adding “and”
2 at the end;

3 (B) in subparagraph (E), by striking “;
4 and” at the end and inserting a period; and

5 (C) by striking subparagraph (F);

6 (8) in section 20—

7 (A) by striking subsection (e) and inserting
8 the following:

9 “(e) [Reserved.]”; and

10 (B) by striking subsection (f) and inserting
11 the following:

12 “(f) [Reserved.]”;

13 (9) in section 21(a)(2)—

14 (A) by striking subparagraph (A); and

15 (B) by redesignating subparagraphs (B)
16 and (C) as subparagraphs (A) and (B), respec-
17 tively;

18 (10) in section 21(a)(3)(A)(v), by striking “the
19 building or buildings meet the minimum safety and
20 livability standards applicable under section 14,
21 and”;

22 (11) in section 25(b)(1), by striking “From
23 amounts reserved” and all that follows through “the
24 Secretary may” and inserting the following: To the

1 extent approved in appropriations Acts, the Sec-
 2 retary may”;

3 ~~(12) in section 25(c)(2)—~~

4 (A) by striking “The Secretary” and in-
 5 serting “To the extent approved in appropria-
 6 tions Acts, the Secretary”; and

7 (B) by striking “available annually from
 8 amounts under section 14”;

9 ~~(13) in section 25(c), by striking paragraph (3);~~

10 ~~(14) in section 25(f)(2)(G)(i), by striking “in-~~
 11 ~~cluding—” and all that follows through “an expla-~~
 12 ~~nation” and inserting “including an explanation”;~~

13 ~~(15) in section 25(i)(1), by striking the second~~
 14 ~~sentence; and~~

15 ~~(16) in section 202(b)(2)—~~

16 (A) by striking “(b) FINANCIAL ASSIST-
 17 ANCE.—” and all that follows through “The
 18 Secretary may,” and inserting the following:

19 “(b) FINANCIAL ASSISTANCE.—The Secretary may”;

20 and

21 (B) by striking paragraph (2).

22 **SEC. 113. ELIGIBILITY FOR PUBLIC AND ASSISTED HOUS-**
 23 **ING.**

24 Section 16 of the United States Housing Act of 1937
 25 ~~(42 U.S.C. 1437n)~~ is amended to read as follows:

1 **“SEC. 16. ELIGIBILITY FOR PUBLIC AND ASSISTED HOUS-**
 2 **ING.**

3 **“(a) INCOME ELIGIBILITY FOR PUBLIC HOUSING.—**

4 **“(1) IN GENERAL.—**Of the dwelling units of a
 5 public housing agency, including public housing
 6 units in a designated mixed-finance project, made
 7 available for occupancy in any fiscal year of the pub-
 8 lic housing agency—

9 **“(A)** not less than 40 percent shall be oc-
 10 cupied by families whose incomes do not exceed
 11 30 percent of the area median income for those
 12 families;

13 **“(B)** not less than 75 percent shall be oc-
 14 cupied by families whose incomes do not exceed
 15 60 percent of the area median income for those
 16 families; and

17 **“(C)** any remaining dwelling units may be
 18 made available for families whose incomes do
 19 not exceed 80 percent of the area median in-
 20 come for those families.

21 **“(2) ESTABLISHMENT OF DIFFERENT STAND-**
 22 **ARDS.—**Notwithstanding paragraph (1), if approved
 23 by the Secretary, a public housing agency, in accord-
 24 ance with the public housing agency plan, may for
 25 good cause establish and implement an occupancy

1 standard other than the standard described in para-
 2 graph (1).

3 ~~“(3) MIXED-INCOME HOUSING STANDARD.—~~

4 Each public housing agency plan submitted by a
 5 public housing agency shall include a plan for
 6 achieving a diverse income mix among tenants in
 7 each public housing project of the public housing
 8 agency and among the scattered site public housing
 9 of the public housing agency.

10 ~~“(b) INCOME ELIGIBILITY FOR CERTAIN ASSISTED~~
 11 ~~HOUSING.—~~

12 ~~“(1) IN GENERAL.—Of the dwelling units re-~~
 13 ~~ceiving tenant-based assistance under section 8~~
 14 ~~made available for occupancy in any fiscal year of~~
 15 ~~the public housing agency—~~

16 ~~“(A) not less than 50 percent shall be oc-~~
 17 ~~cupied by families whose incomes do not exceed~~
 18 ~~30 percent of the area median income for those~~
 19 ~~families; and~~

20 ~~“(B) any remaining dwelling units may be~~
 21 ~~made available for families whose incomes do~~
 22 ~~not exceed 80 percent of the area median in-~~
 23 ~~come for those families.~~

24 ~~“(2) ESTABLISHMENT OF DIFFERENT STAND-~~
 25 ~~ARDS.—Notwithstanding paragraph (1), if approved~~

1 by the Secretary, a public housing agency, in accord-
 2 ance with the public housing agency plan, may for
 3 good cause establish and implement an occupancy
 4 standard other than the standard described in para-
 5 graph (1).

6 “(c) INELIGIBILITY OF ILLEGAL DRUG USERS AND
 7 ALCOHOL ABUSERS.—

8 “(1) IN GENERAL.—Notwithstanding any other
 9 provision of law, a public housing agency shall estab-
 10 lish standards for occupancy in public housing dwell-
 11 ing units and assistance under section 8—

12 “(A) that prohibit occupancy in any public
 13 housing dwelling unit by, and assistance under
 14 section 8 for, any person—

15 “(i) who the public housing agency
 16 determines is illegally using a controlled
 17 substance; or

18 “(ii) if the public housing agency de-
 19 termines that it has reasonable cause to
 20 believe that such person’s illegal use (or
 21 pattern of illegal use) of a controlled sub-
 22 stance, or abuse (or pattern of abuse) of
 23 alcohol, may interfere with the health,
 24 safety, or right to peaceful enjoyment of

1 the premises by other residents of the
2 project; and

3 ~~“(B) that allow the public housing agency~~
4 ~~to terminate the tenancy in any public housing~~
5 ~~unit of, and the assistance under section 8 for,~~
6 ~~any person—~~

7 ~~“(i) who the public housing agency~~
8 ~~determines is illegally using a controlled~~
9 ~~substance; or~~

10 ~~“(ii) whose illegal use of a controlled~~
11 ~~substance; or whose abuse of alcohol, is de-~~
12 ~~termined by the public housing agency to~~
13 ~~interfere with the health, safety, or right to~~
14 ~~peaceful enjoyment of the premises by~~
15 ~~other residents of the project.~~

16 ~~“(2) CONSIDERATION OF REHABILITATION.—In~~
17 ~~determining whether, pursuant to paragraph (1), to~~
18 ~~deny occupancy or assistance to any person based on~~
19 ~~a pattern of use of a controlled substance or a pat-~~
20 ~~tern of abuse of alcohol, a public housing agency~~
21 ~~may consider whether such person—~~

22 ~~“(A) has successfully completed a super-~~
23 ~~vised drug or alcohol rehabilitation program (as~~
24 ~~applicable) and is no longer engaging in the ille-~~

1 gal use of a controlled substance or abuse of al-
2 cohol (as applicable);

3 “(B) has otherwise been rehabilitated suc-
4 cessfully and is no longer engaging in the illegal
5 use of a controlled substance or abuse of alco-
6 hol (as applicable); or

7 “(C) is participating in a supervised drug
8 or alcohol rehabilitation program (as applicable)
9 and is no longer engaging in the illegal use of
10 a controlled substance or abuse of alcohol (as
11 applicable).”.

12 **SEC. 114. DEMOLITION AND DISPOSITION OF PUBLIC HOUS-**
13 **ING.**

14 (a) IN GENERAL.—Section 18 of the United States
15 Housing Act of 1937 (42 U.S.C. 1437p) is amended to
16 read as follows:

17 **“SEC. 18. DEMOLITION AND DISPOSITION OF PUBLIC HOUS-**
18 **ING.**

19 “(a) APPLICATIONS FOR DEMOLITION AND DISPOSI-
20 TION.—Except as provided in subsection (b), not later
21 than 60 days after receiving an application by a public
22 housing agency for authorization, with or without financial
23 assistance under this title, to demolish or dispose of a pub-
24 lic housing project or a portion of a public housing project
25 (including any transfer to a resident-supported nonprofit

1 entity); the Secretary shall approve the application, if the
 2 public housing agency certifies—

3 “(1) in the case of—

4 “(A) an application proposing demolition
 5 of a public housing project or a portion of a
 6 public housing project, that—

7 “(i) the project or portion of the pub-
 8 lic housing project is obsolete as to phys-
 9 ical condition, location, or other factors,
 10 making it unsuitable for housing purposes;
 11 and

12 “(ii) no reasonable program of modi-
 13 fications is cost-effective to return the pub-
 14 lic housing project or portion of the project
 15 to useful life; and

16 “(B) an application proposing the demoli-
 17 tion of only a portion of a public housing
 18 project, that the demolition will help to assure
 19 the viability of the remaining portion of the
 20 project;

21 “(2) in the case of an application proposing dis-
 22 position of a public housing project or other real
 23 property subject to this title by sale or other trans-
 24 fer, that—

1 “(A) the retention of the property is not in
2 the best interests of the tenants or the public
3 housing agency because—

4 “(i) conditions in the area surround-
5 ing the public housing project adversely af-
6 fect the health or safety of the tenants or
7 the feasible operation of the project by the
8 public housing agency; or

9 “(ii) disposition allows the acquisition,
10 development, or rehabilitation of other
11 properties that will be more efficiently or
12 effectively operated as low-income housing;

13 “(B) the public housing agency has other-
14 wise determined the disposition to be appro-
15 priate for reasons that are—

16 “(i) in the best interests of the ten-
17 ants and the public housing agency;

18 “(ii) consistent with the goals of the
19 public housing agency and the public hous-
20 ing agency plan; and

21 “(iii) otherwise consistent with this
22 title; or

23 “(C) for property other than dwelling
24 units, the property is excess to the needs of a
25 public housing project or the disposition is inci-

1 dental to, or does not interfere with, continued
2 operation of a public housing project;

3 ~~“(3) that the public housing agency has specifi-~~
4 ~~cally authorized the demolition or disposition in the~~
5 ~~public housing agency plan, and has certified that~~
6 ~~the actions contemplated in the public housing agen-~~
7 ~~cy plan comply with this section;~~

8 ~~“(4) that the public housing agency—~~

9 ~~“(A) will provide for the payment of the~~
10 ~~relocation expenses of each tenant to be dis-~~
11 ~~placed;~~

12 ~~“(B) will ensure that the amount of rent~~
13 ~~paid by the tenant following relocation will not~~
14 ~~exceed the amount permitted under this title;~~
15 ~~and~~

16 ~~“(C) will not commence demolition or com-~~
17 ~~plete disposition until all tenants residing in the~~
18 ~~unit are relocated;~~

19 ~~“(5) that the net proceeds of any disposition~~
20 ~~will be used—~~

21 ~~“(A) unless waived by the Secretary, for~~
22 ~~the retirement of outstanding obligations issued~~
23 ~~to finance the original public housing project or~~
24 ~~modernization of the project; and~~

1 “(B) to the extent that any proceeds re-
 2 main after the application of proceeds in ac-
 3 cordance with subparagraph (A), for the provi-
 4 sion of low-income housing or to benefit the
 5 tenants of the public housing agency; and

6 “(6) that the public housing agency has com-
 7 plied with subsection (c).

8 “(b) DISAPPROVAL OF APPLICATIONS.—The Sec-
 9 retary shall disapprove an application submitted under
 10 subsection (a) if the Secretary determines that any certifi-
 11 cation made by the public housing agency under that sub-
 12 section is clearly inconsistent with information and data
 13 available to the Secretary.

14 “(c) TENANT OPPORTUNITY TO PURCHASE IN CASE
 15 OF PROPOSED DISPOSITION.—

16 “(1) IN GENERAL.—In the case of a proposed
 17 disposition of a public housing project or portion of
 18 a project, the public housing agency shall, in appro-
 19 priate circumstances, as determined by the Sec-
 20 retary, initially offer the property to any eligible
 21 resident organization, eligible resident management
 22 corporation, or nonprofit organization supported by
 23 the residents, if that entity has expressed an inter-
 24 est, in writing, to the public housing agency in a

1 timely manner, in purchasing the property for con-
2 tinued use as low-income housing.

3 ~~“(2) TIMING.—~~

4 ~~“(A) THIRTY-DAY NOTICE.—~~A resident or-
5 ganization, resident management corporation,
6 or other resident-supported nonprofit entity re-
7 ferred to in paragraph (1) may express interest
8 in purchasing property that is the subject of a
9 disposition, as described in paragraph (1), dur-
10 ing the 30-day period beginning on the date of
11 notification of a proposed sale of the property.

12 ~~“(B) SIXTY-DAY NOTICE.—~~If an entity ex-
13 presses written interest in purchasing a prop-
14 erty, as provided in subparagraph (A), no dis-
15 position of the property shall occur during the
16 60-day period beginning on the date of receipt
17 of that written notice, during which time that
18 entity shall be given the opportunity to obtain
19 a firm commitment for financing the purchase
20 of the property.

21 ~~“(d) REPLACEMENT UNITS.—~~Notwithstanding any
22 other provision of law, replacement housing units for pub-
23 lic housing units demolished in accordance with this sec-
24 tion may be built on the original public housing location
25 or in the same neighborhood as the original public housing

1 location if the number of those replacement units is fewer
 2 than the number of units demolished.”.

3 (b) HOMEOWNERSHIP REPLACEMENT PLAN.—

4 (1) IN GENERAL.—Section 304(g) of the United
 5 States Housing Act of 1937 (42 U.S.C. 1437aaa–
 6 3(g)), as amended by section 1002(b) of the Emer-
 7 gency Supplemental Appropriations for Additional
 8 Disaster Assistance, for Anti-terrorism Initiatives,
 9 for Assistance in the Recovery from the Tragedy
 10 that Occurred At Oklahoma City, and Rescissions
 11 Act, 1995 (Public Law 104–19, 109 Stat. 236), is
 12 amended to read as follows:

13 “(g) [Reserved.]”.

14 (2) EFFECTIVE DATE.—The amendment made
 15 by paragraph (1) shall be effective with respect to
 16 any plan for the demolition, disposition, or conver-
 17 sion to homeownership of public housing that is ap-
 18 proved by the Secretary after September 30, 1995.

19 (c) UNIFORM RELOCATION AND REAL PROPERTY
 20 ACQUISITION ACT.—The Uniform Relocation and Real
 21 Property Acquisition Act shall not apply to activities
 22 under section 18 of the United States Housing Act of
 23 1937, as amended by this section.

1 **SEC. 115. REPEAL OF FAMILY INVESTMENT CENTERS;**
 2 **VOUCHER SYSTEM FOR PUBLIC HOUSING.**

3 (a) IN GENERAL.—Section 22 of the United States
 4 Housing Act of 1937 (42 U.S.C. 1437t) is amended to
 5 read as follows:

6 **“SEC. 22. VOUCHER SYSTEM FOR PUBLIC HOUSING.**

7 **“(a) IN GENERAL.—**

8 **“(1) AUTHORIZATION.—**A public housing agen-
 9 cy may convert any public housing project (or por-
 10 tion thereof) owned and operated by the public hous-
 11 ing agency to a system of tenant-based assistance in
 12 accordance with this section.

13 **“(2) REQUIREMENTS.—**In converting to a ten-
 14 ant-based system of assistance under this section,
 15 the public housing agency shall develop a conversion
 16 assessment and plan under subsection (b) in con-
 17 sultation with the appropriate public officials, with
 18 significant participation by the residents of the
 19 project (or portion thereof), which assessment and
 20 plan shall—

21 **“(A)** be consistent with and part of the
 22 public housing agency plan; and

23 **“(B)** describe the conversion and future
 24 use or disposition of the public housing project,
 25 including an impact analysis on the affected
 26 community.

1 “(b) ~~CONVERSION ASSESSMENT AND PLAN.~~—

2 “(1) ~~IN GENERAL.~~—Not later than 2 years
3 after the date of enactment of the Public Housing
4 Reform and Responsibility Act of 1997, each public
5 housing agency shall assess the status of each public
6 housing project owned and operated by that public
7 housing agency, and shall submit to the Secretary
8 an assessment that includes—

9 “(A) a cost analysis that demonstrates
10 whether or not the cost (both on a net present
11 value basis and in terms of new budget author-
12 ity requirements) of providing tenant-based as-
13 sistance under section 8 for the same families
14 in substantially similar dwellings over the same
15 period of time is less expensive than continuing
16 public housing assistance in the public housing
17 project proposed for conversion for the remain-
18 ing useful life of the project;

19 “(B) an analysis of the market value of the
20 public housing project proposed for conversion
21 both before and after rehabilitation, and before
22 and after conversion;

23 “(C) an analysis of the rental market con-
24 ditions with respect to the likely success of ten-
25 ant-based assistance under section 8 in that

1 market for the specific residents of the public
 2 housing project proposed for conversion, includ-
 3 ing an assessment of the availability of decent
 4 and safe dwellings renting at or below the pay-
 5 ment standard established for tenant-based as-
 6 sistance under section 8 by the public housing
 7 agency;

8 “(D) the impact of the conversion to a sys-
 9 tem of tenant-based assistance under this sec-
 10 tion on the neighborhood in which the public
 11 housing project is located; and

12 “(E) a plan that identifies actions, if any,
 13 that the public housing agency would take with
 14 regard to converting any public housing project
 15 or projects (or portions thereof) of the public
 16 housing agency to a system of tenant-based as-
 17 sistance.

18 “(2) STREAMLINED ASSESSMENT.—At the dis-
 19 cretion of the Secretary or at the request of a public
 20 housing agency, the Secretary may waive any or all
 21 of the requirements of paragraph (1) or otherwise
 22 require a streamlined assessment with respect to any
 23 public housing project or class of public housing
 24 projects.

1 “(3) IMPLEMENTATION OF CONVERSION
2 PLAN.—

3 “(A) IN GENERAL.—A public housing
4 agency may implement a conversion plan only if
5 the conversion assessment under this section
6 demonstrates that the conversion—

7 “(i) will not be more expensive than
8 continuing to operate the public housing
9 project (or portion thereof) as public hous-
10 ing; and

11 “(ii) will principally benefit the resi-
12 dents of the public housing project (or por-
13 tion thereof) to be converted, the public
14 housing agency, and the community.

15 “(B) DISAPPROVAL.—The Secretary shall
16 disapprove a conversion plan only if the plan is
17 plainly inconsistent with the conversion assess-
18 ment under subsection (b) or if there is reliable
19 information and data available to the Secretary
20 that contradicts that conversion assessment.

21 “(c) OTHER REQUIREMENTS.—To the extent ap-
22 proved by the Secretary, the funds used by the public
23 housing agency to provide tenant-based assistance under
24 section 8 shall be added to the housing assistance payment
25 contract administered by—

1 “(1) the public housing agency; or

2 “(2) any entity administering the contract on
3 behalf of the public housing agency.”.

4 (b) SAVINGS PROVISION.—The amendment made by
5 subsection (a) does not affect any contract or other agree-
6 ment entered into under section 22 of the United States
7 Housing Act of 1937, as that section existed on the day
8 before the date of enactment of this Act.

9 **SEC. 116. REPEAL OF FAMILY SELF-SUFFICIENCY; HOME-**
10 **OWNERSHIP OPPORTUNITIES.**

11 (a) IN GENERAL.—Section 23 of the United States
12 Housing Act of 1937 (42 U.S.C. 1437u) is amended to
13 read as follows:

14 **“SEC. 23. PUBLIC HOUSING HOMEOWNERSHIP OPPORTUNI-**
15 **TIES.**

16 “(a) IN GENERAL.—Notwithstanding any other pro-
17 vision of law, a public housing agency may, in accordance
18 with this section—

19 “(1) sell any public housing unit in any public
20 housing project of the public housing agency to—

21 “(A) the low-income tenants of the public
22 housing agency; or

23 “(B) any organization serving as a conduit
24 for sales to those persons; and

1 ~~“(2) provide assistance to public housing resi-~~
 2 ~~dents to facilitate the ability of those residents to~~
 3 ~~purchase a principal residence.~~

4 ~~“(b) RIGHT OF FIRST REFUSAL.—In making any~~
 5 ~~sale under this section, the public housing agency shall~~
 6 ~~initially offer the public housing unit at issue to the tenant~~
 7 ~~or tenants occupying that unit, if any, or to an organiza-~~
 8 ~~tion serving as a conduit for sales to any such tenant.~~

9 ~~“(c) SALE PRICES, TERMS, AND CONDITIONS.—Any~~
 10 ~~sale under this section may involve such prices, terms, and~~
 11 ~~conditions as the public housing agency may determine in~~
 12 ~~accordance with procedures set forth in the public housing~~
 13 ~~agency plan.~~

14 ~~“(d) PURCHASE REQUIREMENTS.—~~

15 ~~“(1) IN GENERAL.—Each tenant that purchases~~
 16 ~~a dwelling unit under subsection (a) shall, as of the~~
 17 ~~date on which the purchase is made—~~

18 ~~“(A) intend to occupy the property as a~~
 19 ~~principal residence; and~~

20 ~~“(B) submit a written certification to the~~
 21 ~~public housing agency that such tenant will oc-~~
 22 ~~cupy the property as a principal residence for a~~
 23 ~~period of not less than 12 months beginning on~~
 24 ~~that date.~~

1 ~~“(2) RECAPTURE.—~~Except for good cause, as
 2 determined by a public housing agency in the public
 3 housing agency plan, if, during the ~~1-year~~ period be-
 4 ginning on the date on which any tenant acquires a
 5 public housing unit under this section, that public
 6 housing unit is resold, the public housing agency
 7 shall recapture ~~75~~ percent of the amount of any pro-
 8 ceeds from that resale that exceed the sum of—

9 ~~“(A) the original sale price for the acquisi-~~
 10 ~~tion of the property by the qualifying tenant;~~

11 ~~“(B) the costs of any improvements made~~
 12 ~~to the property after the date on which the ac-~~
 13 ~~quisition occurs; and~~

14 ~~“(C) any closing costs incurred in connec-~~
 15 ~~tion with the acquisition.~~

16 ~~“(e) PROTECTION OF NONPURCHASING TENANTS.—~~

17 If a public housing tenant does not exercise the right of
 18 first refusal under subsection (b) with respect to the public
 19 housing unit in which the tenant resides, the public hous-
 20 ing agency shall—

21 ~~“(1) ensure that either another public housing~~
 22 ~~unit or rental assistance under section 8 is made~~
 23 ~~available to the tenant; and~~

24 ~~“(2) provide for the payment of the reasonable~~
 25 ~~relocation expenses of the tenant.~~

1 “(f) NET PROCEEDS.—The net proceeds of any sales
 2 under this section remaining after payment of all costs
 3 of the sale and any unassumed, unpaid indebtedness owed
 4 in connection with the dwelling units sold under this sec-
 5 tion unless waived by the Secretary, shall be used for pur-
 6 poses relating to low-income housing and in accordance
 7 with the public housing agency plan.

8 “(g) HOMEOWNERSHIP ASSISTANCE.—From
 9 amounts distributed to a public housing agency under sec-
 10 tion 9, or from other income earned by the public housing
 11 agency, the public housing agency may provide assistance
 12 to public housing residents to facilitate the ability of those
 13 residents to purchase a principal residence, including a
 14 residence other than a residence located in a public hous-
 15 ing project.”.

16 “(b) CONFORMING AMENDMENTS.—The United States
 17 Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amend-
 18 ed—

19 (1) in section 8(y)(7)(A)—

20 (A) by striking “, (ii)” and inserting “,
 21 and (ii)”;

22 (B) by striking “, and (iii)” and all that
 23 follows before the period at the end; and

24 (2) in section 25(l)(2)—

1 (A) in the first sentence, by striking “,
2 consistent with the objectives of the program
3 under section 23,”; and

4 (B) by striking the second sentence.

5 (c) SAVINGS PROVISION.—The amendments made by
6 this section do not affect any contract or other agreement
7 entered into under section 23 of the United States Hous-
8 ing Act of 1937, as that section existed on the day before
9 the date of enactment of this Act.

10 **SEC. 117. REVITALIZING SEVERELY DISTRESSED PUBLIC**
11 **HOUSING.**

12 Section 24 of the United States Housing Act of 1937
13 (42 U.S.C. 1437v) is amended to read as follows:

14 **“SEC. 24. REVITALIZING SEVERELY DISTRESSED PUBLIC**
15 **HOUSING.**

16 “(a) IN GENERAL.—To the extent provided in ad-
17 vance in appropriations Acts, the Secretary may make
18 grants to public housing agencies for the purposes of—

19 “(1) enabling the demolition of obsolete public
20 housing projects or portions thereof;

21 “(2) revitalizing sites (including remaining pub-
22 lic housing units) on which such public housing
23 projects are located;

1 “(3) the provision of replacement housing;
 2 which will avoid or lessen concentrations of very low-
 3 income families; and

4 “(4) the provision of tenant-based assistance
 5 under section 8 for use as replacement housing.

6 “(b) COMPETITION.—The Secretary shall make
 7 grants under this section on the basis of a competition;
 8 which shall be based on such factors as—

9 “(1) the need for additional resources for ad-
 10 dressing a severely distressed public housing project;

11 “(2) the need for affordable housing in the
 12 community;

13 “(3) the supply of other housing available and
 14 affordable to a family receiving tenant-based assist-
 15 ance under section 8; and

16 “(4) the local impact of the proposed revitaliza-
 17 tion program.

18 “(c) TERMS AND CONDITIONS.—The Secretary may
 19 impose such terms and conditions on recipients of grants
 20 under this section as the Secretary determines to be ap-
 21 propriate to carry out the purposes of this section, except
 22 that such terms and conditions shall be similar to the
 23 terms and conditions of either—

24 “(1) the urban revitalization demonstration pro-
 25 gram authorized under the Departments of Veterans

1 Affairs and Housing and Urban Development and
2 Independent Agencies Appropriations Acts; or

3 ~~“(2) section 24 of the United States Housing~~
4 ~~Act of 1937, as such section existed before the date~~
5 ~~of enactment of the Public Housing Reform and Re-~~
6 ~~sponsibility Act of 1997.~~

7 ~~“(d) ALTERNATIVE MANAGEMENT.—The Secretary~~
8 ~~may require any recipient of a grant under this section~~
9 ~~to make arrangements with an entity other than the public~~
10 ~~housing agency to carry out the purposes for which the~~
11 ~~grant was awarded; if the Secretary determines that such~~
12 ~~action is necessary for the timely and effective achieve-~~
13 ~~ment of the purposes for which the grant was awarded.~~

14 ~~“(e) SUNSET.—No grant may be made under this~~
15 ~~section on or after October 1, 1999.”.~~

16 **SEC. 118. MIXED-FINANCE AND MIXED-OWNERSHIP**
17 **PROJECTS.**

18 ~~(a) IN GENERAL.—Title I of the United States Hous-~~
19 ~~ing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by~~
20 ~~adding at the end the following:~~

21 ~~“SEC. 30. MIXED-FINANCE AND MIXED-OWNERSHIP~~
22 ~~PROJECTS.~~

23 ~~“(a) IN GENERAL.—A public housing agency may~~
24 ~~own, operate, assist, or otherwise participate in one or~~

1 more mixed-finance projects in accordance with this sec-
 2 tion.

3 “(b) REQUIREMENTS.—

4 “(1) MIXED-FINANCE PROJECT.—In this sec-
 5 tion, the term ‘mixed-finance project’ means a
 6 project that meets the requirements of paragraph
 7 (2) and that is occupied both by one or more very
 8 low-income families and by one or more families that
 9 are not very low-income families.

10 “(2) STRUCTURE OF PROJECTS.—Each mixed-
 11 finance project shall be developed—

12 “(A) in a manner that ensures that units
 13 are made available in the project, by master
 14 contract, individual lease, or equity interest for
 15 occupancy by eligible families identified by the
 16 public housing agency for a period of not less
 17 than 20 years;

18 “(B) in a manner that ensures that the
 19 number of public housing units bears approxi-
 20 mately the same proportion to the total number
 21 of units in the mixed-finance project as the
 22 value of the total financial commitment pro-
 23 vided by the public housing agency bears to the
 24 value of the total financial commitment in the
 25 project, or shall not be less than the number of

units that could have been developed under the conventional public housing program with the assistance; and

“(C) in accordance with such other requirements as the Secretary may prescribe by regulation.

“(3) TYPES OF PROJECTS.—The term ‘mixed-finance project’ includes a project that is developed—

“(A) by a public housing agency or by an entity affiliated with a public housing agency;

“(B) by a partnership, a limited liability company, or other entity in which the public housing agency (or an entity affiliated with a public housing agency) is a general partner, managing member, or otherwise participates in the activities of that entity;

“(C) by any entity that grants to the public housing agency the option to purchase the public housing project during the 20-year period beginning on the date of initial occupancy of the public housing project in accordance with section 42(l)(7) of the Internal Revenue Code of 1986; or

1 ~~“(D) in accordance with such other terms~~
 2 ~~and conditions as the Secretary may prescribe~~
 3 ~~by regulation.~~

4 ~~“(c) TAXATION.—~~

5 ~~“(1) IN GENERAL.—A public housing agency~~
 6 ~~may elect to have all public housing units in a~~
 7 ~~mixed-finance project subject to local real estate~~
 8 ~~taxes, except that such units shall be eligible at the~~
 9 ~~discretion of the public housing agency for the tax-~~
 10 ~~ing requirements under section 6(d).~~

11 ~~“(2) LOW-INCOME HOUSING TAX CREDIT.—~~
 12 ~~With respect to any unit in a mixed-finance project~~
 13 ~~that is assisted pursuant to the low-income housing~~
 14 ~~tax credit under section 42 of the Internal Revenue~~
 15 ~~Code of 1986, the rents charged to the tenants may~~
 16 ~~be set at levels not to exceed the amounts allowable~~
 17 ~~under that section.~~

18 ~~“(d) RESTRICTION.—No assistance provided under~~
 19 ~~section 9 shall be used by a public housing agency in direct~~
 20 ~~support of any unit rented to a family that is not a low-~~
 21 ~~income family.~~

22 ~~“(e) EFFECT OF CERTAIN CONTRACT TERMS.—If an~~
 23 ~~entity that owns or operates a mixed-finance project under~~
 24 ~~this section enters into a contract with a public housing~~
 25 ~~agency, the terms of which obligate the entity to operate~~

1 and maintain a specified number of units in the project
2 as public housing units in accordance with the require-
3 ments of this Act for the period required by law; such con-
4 tractual terms may provide that, if, as a result of a reduc-
5 tion in appropriations under section 9, or any other
6 change in applicable law, the public housing agency is un-
7 able to fulfill its contractual obligations with respect to
8 those public housing units, that entity may deviate, under
9 procedures and requirements developed through regula-
10 tions by the Secretary, from otherwise applicable restric-
11 tions under this Act regarding rents, income eligibility,
12 and other areas of public housing management with re-
13 spect to a portion or all of those public housing units, to
14 the extent necessary to preserve the viability of those units
15 while maintaining the low-income character thereof to the
16 maximum extent practicable.”.

17 (b) REGULATIONS.—The Secretary shall issue such
18 regulations as may be necessary to promote the develop-
19 ment of mixed-finance projects, as that term is defined
20 in section 30 of the United States Housing Act of 1937
21 (as added by this Act).

1 **SEC. 119. CONVERSION OF DISTRESSED PUBLIC HOUSING**
 2 **TO TENANT-BASED ASSISTANCE.**

3 (a) IN GENERAL.—Title I of the United States Hous-
 4 ing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by
 5 adding at the end the following:

6 **“SEC. 31. CONVERSION OF DISTRESSED PUBLIC HOUSING**
 7 **TO TENANT-BASED ASSISTANCE.**

8 “(a) IDENTIFICATION OF UNITS.—To the extent ap-
 9 proved in advance in appropriations Acts, each public
 10 housing agency shall identify all public housing projects
 11 of the public housing agency—

12 “(1) that are on the same or contiguous sites;

13 “(2) that the public housing agency determines
 14 to be distressed, which determination shall be made
 15 in accordance with guidelines established by the Sec-
 16 retary, which guidelines shall be based on the cri-
 17 teria established in the Final Report of the National
 18 Commission on Severely Distressed Public Housing
 19 (August 1992);

20 “(3) identified as distressed housing under
 21 paragraph (2) for which the public housing agency
 22 cannot assure the long-term viability as public hous-
 23 ing through reasonable modernization expenses; den-
 24 sity reduction; achievement of a broader range of
 25 family income; or other measures; and

1 “(4) for which the estimated cost, during the
 2 remaining useful life of the project, of continued op-
 3 eration and modernization as public housing exceeds
 4 the estimated cost, during the remaining useful life
 5 of the project, of providing tenant-based assistance
 6 under section 8 for all families in occupancy, based
 7 on appropriate indicators of cost (such as the per-
 8 centage of total development costs required for mod-
 9 ernization).

10 “(b) CONSULTATION.—Each public housing agency
 11 shall consult with the appropriate public housing tenants
 12 and the appropriate unit of general local government in
 13 identifying any public housing projects under subsection
 14 (a).

15 “(c) REMOVAL OF UNITS FROM THE INVENTORIES
 16 OF PUBLIC HOUSING AGENCIES.—

17 “(1) IN GENERAL.—

18 “(A) DEVELOPMENT OF PLAN.—Each pub-
 19 lic housing agency shall develop and, to the ex-
 20 tent provided in advance in appropriations Acts,
 21 carry out a 5-year plan in conjunction with the
 22 Secretary for the removal of public housing
 23 units identified under subsection (a) from the
 24 inventory of the public housing agency and the
 25 annual contributions contract.

1 “(B) APPROVAL OF PLAN.—The plan re-
2 quired under subparagraph (A) shall—

3 “(i) be included as part of the public
4 housing agency plan;

5 “(ii) be certified by the relevant local
6 official to be in accordance with the com-
7 prehensive housing affordability strategy
8 under title I of the Housing and Commu-
9 nity Development Act of 1992; and

10 “(iii) include a description of any dis-
11 position and demolition plan for the public
12 housing units.

13 “(2) EXTENSIONS.—The Secretary may extend
14 the 5-year deadline described in paragraph (1) by
15 not more than an additional 5 years if the Secretary
16 makes a determination that the deadline is imprac-
17 ticable.

18 “(d) CONVERSION TO TENANT-BASED ASSIST-
19 ANCE.—

20 “(1) IN GENERAL.—With respect to any public
21 housing project that has not received a grant for as-
22 sistance under the urban revitalization demonstra-
23 tion program authorized under the Departments of
24 Veterans Affairs and Housing and Urban Develop-
25 ment and Independent Agencies Appropriations Acts

1 or under section 24 of the United States Housing
 2 Act of 1937, the Secretary shall make authority
 3 available to a public housing agency to provide as-
 4 sistance under this Act to families residing in any
 5 public housing project that is removed from the in-
 6 ventory of the public housing agency and the annual
 7 contributions contract pursuant to this section.

8 “(2) PLAN REQUIREMENTS.—Each plan under
 9 subsection (c) shall require the agency to—

10 “(A) notify families residing in the public
 11 housing project, consistent with any guidelines
 12 issued by the Secretary governing such notifica-
 13 tions, that—

14 “(i) the public housing project will be
 15 removed from the inventory of the public
 16 housing agency; and

17 “(ii) the families displaced by such ac-
 18 tion will receive tenant-based or project-
 19 based assistance or occupancy in a unit op-
 20 erated or assisted by the public housing
 21 agency;

22 “(B) provide any necessary counseling for
 23 families displaced by such action; and

24 “(C) provide any reasonable relocation ex-
 25 penses for families displaced by such action.

1 “(e) ~~REMOVAL BY SECRETARY.~~—The Secretary shall
 2 take appropriate actions to ensure removal of any public
 3 housing project identified under subsection (a) from the
 4 inventory of a public housing agency, if the public housing
 5 agency fails to adequately develop a plan under subsection
 6 (e) with respect to that project, or fails to adequately im-
 7 plement such plan in accordance with the terms of the
 8 plan.

9 “(f) ~~ADMINISTRATION.~~—

10 “(1) ~~IN GENERAL.~~—The Secretary may require
 11 a public housing agency to provide to the Secretary
 12 or to public housing tenants such information as the
 13 Secretary considers to be necessary for the adminis-
 14 tration of this section.

15 “(2) ~~APPLICABILITY OF SECTION 18.~~—Section
 16 18 does not apply to the demolition of public hous-
 17 ing projects removed from the inventory of the pub-
 18 lic housing agency under this section.”.

19 “(b) ~~CONFORMING AMENDMENT.~~—Section 202 of the
 20 Departments of Veterans Affairs and Housing and Urban
 21 Development, and Independent Agencies Appropriations
 22 Act, 1996 (42 U.S.C. 1437l note) is repealed.

1 **SEC. 120. PUBLIC HOUSING MORTGAGES AND SECURITY IN-**
 2 **TERESTS.**

3 Title I of the United States Housing Act of 1937 (42
 4 U.S.C. 1437 et seq.) is amended by adding at the end
 5 the following:

6 **“SEC. 32. PUBLIC HOUSING MORTGAGES AND SECURITY IN-**
 7 **TERESTS.**

8 ~~“(a) GENERAL AUTHORIZATION.—~~The Secretary
 9 may, upon such terms and conditions as the Secretary
 10 may prescribe, authorize a public housing agency to mort-
 11 gage or otherwise grant a security interest in any public
 12 housing project or other property of the public housing
 13 agency.

14 ~~“(b) TERMS AND CONDITIONS.—~~

15 ~~“(1) CRITERIA FOR APPROVAL.—~~In making any
 16 authorization under subsection (a), the Secretary
 17 may consider—

18 ~~“(A) the ability of the public housing agen-~~
 19 ~~cy to use the proceeds of the mortgage or secu-~~
 20 ~~rity interest for low-income housing uses;~~

21 ~~“(B) the ability of the public housing agen-~~
 22 ~~cy to make payments on the mortgage or secu-~~
 23 ~~rity interest; and~~

24 ~~“(C) such other criteria as the Secretary~~
 25 ~~may specify.~~

1 ~~“(2) TERMS AND CONDITIONS OF MORTGAGES~~
 2 ~~AND SECURITY INTERESTS OBTAINED.—Each mort-~~
 3 ~~gage or security interest granted under this section~~
 4 ~~shall be—~~

5 ~~“(A) for a term that—~~

6 ~~“(i) is consistent with the terms of~~
 7 ~~private loans in the market area in which~~
 8 ~~the public housing project or property at~~
 9 ~~issue is located; and~~

10 ~~“(ii) does not exceed 30 years; and~~

11 ~~“(B) subject to conditions that are consist-~~
 12 ~~ent with the conditions to which private loans~~
 13 ~~in the market area in which the subject project~~
 14 ~~or other property is located are subject.~~

15 ~~“(3) NO FULL FAITH AND CREDIT.—No action~~
 16 ~~taken under this section shall result in any liability~~
 17 ~~to the Federal Government.”.~~

18 **SEC. 121. LINKING SERVICES TO PUBLIC HOUSING RESI-**
 19 **DENTS.**

20 Title I of the United States Housing Act of 1937 (42
 21 U.S.C. 1437 et seq.) is amended by adding at the end
 22 the following:

23 **“SEC. 33. SERVICES FOR PUBLIC HOUSING RESIDENTS.**

24 ~~“(a) IN GENERAL.—To the extent provided in ad-~~
 25 ~~vance in appropriations Acts, the Secretary may make~~

1 grants to public housing agencies on behalf of public hous-
 2 ing residents, or directly to resident management corpora-
 3 tions, resident councils, or resident organizations (includ-
 4 ing nonprofit entities supported by residents); for the pur-
 5 poses of providing a program of supportive services and
 6 resident empowerment activities to assist public housing
 7 residents in becoming economically self-sufficient.

8 “(b) ELIGIBLE ACTIVITIES.—Grantees under this
 9 section may use such amounts only for activities on or
 10 near the public housing agency or public housing project
 11 that are designed to promote the self-sufficiency of public
 12 housing residents, including activities relating to—

13 “(1) physical improvements to a public housing
 14 project in order to provide space for supportive serv-
 15 ices for residents;

16 “(2) the provision of service coordinators;

17 “(3) the provision of services related to work
 18 readiness, including academic skills, job training, job
 19 search skills, tutoring, adult literacy, transportation,
 20 and child care, except that grants received under
 21 this section shall not comprise more than 50 percent
 22 of the costs of providing such services;

23 “(4) resident management activities; and

24 “(5) other activities designed to improve the
 25 economic self-sufficiency of residents.

1 “(c) FUNDING DISTRIBUTION.—

2 “(1) IN GENERAL.—Except for amounts pro-
3 vided under subsection (d), the Secretary may dis-
4 tribute amounts made available under this section on
5 the basis of a competition or a formula, as appro-
6 priate.

7 “(2) FACTORS FOR DISTRIBUTION.—Factors
8 for distribution under paragraph (1) shall include—

9 “(A) the demonstrated capacity of the ap-
10 plicant to carry out a program of supportive
11 services or resident empowerment activities; and

12 “(B) the ability of the applicant to lever-
13 age additional resources for the provision of
14 services.

15 “(d) FUNDING FOR RESIDENT COUNCILS.—Of
16 amounts appropriated for activities under this section, not
17 less than \$25,000,000 shall be provided directly to resi-
18 dent councils, resident organizations, and resident man-
19 agement corporations.”.

20 **SEC. 122. PROHIBITION ON USE OF AMOUNTS.**

21 Title I of the United States Housing Act of 1937 (42
22 U.S.C. 1437 et seq.) is amended by adding at the end
23 the following:

1 **“SEC. 34. PROHIBITION ON USE OF AMOUNTS.**

2 “None of the amounts made available to the Depart-
 3 ment of Housing and Urban Development to carry out this
 4 that, that are obligated to State or local governments,
 5 public housing agencies, housing finance agencies, or other
 6 public or quasi-public housing agencies, may be used to
 7 indemnify contractors or subcontractors of the govern-
 8 ment or agency against costs associated with judgments
 9 of infringement of intellectual property rights.”.

10 **SEC. 123. PET OWNERSHIP.**

11 Title I of the United States Housing Act of 1937 (42
 12 U.S.C. 1437 et seq.) is amended by adding at the end
 13 the following:

14 **“SEC. 35. PET OWNERSHIP IN FEDERALLY ASSISTED RENT-**
 15 **AL HOUSING.**

16 “(a) RIGHT OF OWNERSHIP.—A resident of a dwell-
 17 ing unit in federally assisted rental housing may own com-
 18 mon household pets or have common household pets
 19 present in the dwelling unit of such resident, subject to
 20 the reasonable requirements of the owner of the federally
 21 assisted rental housing. Such reasonable requirements
 22 may include requiring payment of a nominal fee and secu-
 23 rity deposit by residents owning or having pets present,
 24 to cover the operating costs to the project relating to the
 25 presence of pets and to establish an escrow account for
 26 additional such costs not otherwise covered, respectively.

1 “(b) PROHIBITION AGAINST DISCRIMINATION.—No
 2 owner of federally assisted rental housing may restrict or
 3 discriminate against any person in connection with admis-
 4 sion to, or continued occupancy of, such housing by reason
 5 of the ownership of common household pets by, or the
 6 presence of such pets in the dwelling unit of, such person.

7 “(c) DEFINITIONS.—In this section:

8 “(1) FEDERALLY ASSISTED RENTAL HOUS-
 9 ING.—The term ‘federally assisted rental housing’
 10 means any public housing project or any rental
 11 housing receiving project-based assistance.

12 “(2) OWNER.—The term ‘owner’ means, with
 13 respect to federally assisted rental housing, the en-
 14 tity or private person, including a cooperative or
 15 public housing agency, that has the legal right to
 16 lease or sublease dwelling units in such housing (in-
 17 cluding a manager of such housing having such
 18 right).

19 “(d) REGULATIONS.—This section shall take effect
 20 upon the date of the effectiveness of regulations issued by
 21 the Secretary to carry out this section. Such regulations
 22 shall be issued after notice and opportunity for public
 23 comment in accordance with the procedure under section
 24 553 of title 5, United States Code, applicable to sub-

1 stantive rules (notwithstanding subsections (a)(2), (b)(B),
 2 and (d)(3) of such section).”.

3 **TITLE II—SECTION 8 RENTAL** 4 **ASSISTANCE**

5 **SEC. 201. MERGER OF THE CERTIFICATE AND VOUCHER** 6 **PROGRAMS.**

7 Section 8(o) of the United States Housing Act of
 8 1937 (42 U.S.C. 1437f(o)) is amended to read as follows:

9 “(o) VOUCHER PROGRAM.—

10 “(1) PAYMENT STANDARD.—

11 “(A) IN GENERAL.—The Secretary may
 12 provide assistance to public housing agencies
 13 for tenant-based assistance using a payment
 14 standard established in accordance with sub-
 15 paragraph (B). The payment standard shall be
 16 used to determine the monthly assistance that
 17 may be paid for any family, as provided in
 18 paragraph (2).

19 “(B) ESTABLISHMENT OF PAYMENT
 20 STANDARD.—The payment standard shall not
 21 exceed 120 percent of the fair market rental es-
 22 tablished under subsection (c) and shall be not
 23 less than 90 percent of that fair market rental.

24 “(C) SET-ASIDE.—The Secretary may set
 25 aside not more than 5 percent of the budget au-

1 thority available under this subsection as an ad-
 2 justment pool. The Secretary shall use amounts
 3 in the adjustment pool to make adjusted pay-
 4 ments to public housing agencies under sub-
 5 paragraph (A), to ensure continued afford-
 6 ability; if the Secretary determines that addi-
 7 tional assistance for such purpose is necessary;
 8 based on documentation submitted by a public
 9 housing agency.

10 “(D) APPROVAL.—The Secretary may re-
 11 quire a public housing agency to submit the
 12 payment standard of the public housing agency
 13 to the Secretary for approval.

14 “(E) REVIEW.—The Secretary—

15 “(i) shall monitor rent burdens and
 16 review any payment standard that results
 17 in a significant percentage of the families
 18 occupying units of any size paying more
 19 than 30 percent of adjusted income for
 20 rent; and

21 “(ii) may require a public housing
 22 agency to modify the payment standard of
 23 the public housing agency based on the re-
 24 sults of that review.

1 ~~“(2) AMOUNT OF MONTHLY ASSISTANCE PAY-~~
2 ~~MENT.—~~

3 ~~“(A) FAMILIES RECEIVING TENANT-BASED~~
4 ~~ASSISTANCE; RENT DOES NOT EXCEED PAY-~~
5 ~~MENT STANDARD.—For a family receiving ten-~~
6 ~~ant-based assistance under this title, if the rent~~
7 ~~for that family (including the amount allowed~~
8 ~~for tenant-paid utilities) does not exceed the~~
9 ~~payment standard established under paragraph~~
10 ~~(1), the monthly assistance payment to that~~
11 ~~family shall be equal to the amount by which~~
12 ~~the rent exceeds the greatest of the following~~
13 ~~amounts, rounded to the nearest dollar:~~

14 ~~“(i) Thirty percent of the monthly ad-~~
15 ~~justed income of the family.~~

16 ~~“(ii) Ten percent of the monthly in-~~
17 ~~come of the family.~~

18 ~~“(iii) If the family is receiving pay-~~
19 ~~ments for welfare assistance from a public~~
20 ~~agency and a part of those payments, ad-~~
21 ~~justed in accordance with the actual hous-~~
22 ~~ing costs of the family, is specifically des-~~
23 ~~ignated by that agency to meet the housing~~
24 ~~costs of the family, the portion of those~~
25 ~~payments that is so designated.~~

1 ~~“(B) FAMILIES RECEIVING TENANT-BASED~~
 2 ~~ASSISTANCE; RENT EXCEEDS PAYMENT STAND-~~
 3 ~~ARD.—For a family receiving tenant-based as-~~
 4 ~~sistance under this title, if the rent for that~~
 5 ~~family (including the amount allowed for ten-~~
 6 ~~ant-paid utilities) exceeds the payment standard~~
 7 ~~established under paragraph (1), the monthly~~
 8 ~~assistance payment to that family shall be equal~~
 9 ~~to the amount by which the applicable payment~~
 10 ~~standard exceeds the greatest of the following~~
 11 ~~amounts, rounded to the nearest dollar:~~

12 ~~“(i) Thirty percent of the monthly ad-~~
 13 ~~justed income of the family.~~

14 ~~“(ii) Ten percent of the monthly in-~~
 15 ~~come of the family.~~

16 ~~“(iii) If the family is receiving pay-~~
 17 ~~ments for welfare assistance from a public~~
 18 ~~agency and a part of those payments, ad-~~
 19 ~~justed in accordance with the actual hous-~~
 20 ~~ing costs of the family, is specifically des-~~
 21 ~~ignated by that agency to meet the housing~~
 22 ~~costs of the family, the portion of those~~
 23 ~~payments that is so designated.~~

24 ~~“(C) FAMILIES RECEIVING PROJECT-~~
 25 ~~BASED ASSISTANCE.—For a family receiving~~

1 project-based assistance under this title, the
 2 rent that the family is required to pay shall be
 3 determined in accordance with section 3(a)(1),
 4 and the amount of the housing assistance pay-
 5 ment shall be determined in accordance with
 6 subsection (c)(3) of this section.

7 “(3) FORTY PERCENT LIMIT.—At the time a
 8 family initially receives tenant-based assistance
 9 under this title with respect to any dwelling unit, the
 10 total amount that a family may be required to pay
 11 for rent may not exceed 40 percent of the monthly
 12 adjusted income of the family.

13 “(4) ELIGIBLE FAMILIES.—At the time a fam-
 14 ily initially receives assistance under this subsection,
 15 a family shall qualify as—

16 “(A) a very low-income family;

17 “(B) a family previously assisted under
 18 this title;

19 “(C) a low-income family that meets eligi-
 20 bility criteria specified by the public housing
 21 agency;

22 “(D) a family that qualifies to receive a
 23 voucher in connection with a homeownership
 24 program approved under title IV of the Cran-

ston-Gonzalez National Affordable Housing Act;
or

“(E) a family that qualifies to receive a
voucher under section 223 or 226 of the Low-
Income Housing Preservation and Resident
Homeownership Act of 1990.

“(5) ANNUAL REVIEW OF FAMILY INCOME.—

Each public housing agency shall, not less frequently
than annually, conduct a review of the family income
of each family receiving assistance under this sub-
section.

“(6) SELECTION OF FAMILIES.—

“(A) IN GENERAL.—Each public housing
agency may establish local preferences consist-
ent with the public housing agency plan submit-
ted by the public housing agency under section
5A.

“(B) SELECTION OF TENANTS.—The selec-
tion of tenants shall be made by the owner of
the dwelling unit, subject to the annual con-
tributions contract between the Secretary and
the public housing agency.

“(7) LEASE.—Each housing assistance payment
contract entered into by the public housing agency
and the owner of a dwelling unit—

1 “(A) shall provide that the screening and
2 selection of families for those units shall be the
3 function of the owner;

4 “(B) shall provide that the lease between
5 the tenant and the owner shall be for a term of
6 not less than 1 year, except that the public
7 housing agency may approve a shorter term for
8 an initial lease between the tenant and the
9 dwelling unit owner if the public housing agen-
10 cy determines that such shorter term would im-
11 prove housing opportunities for the tenant;

12 “(C) except as otherwise provided by the
13 public housing agency, may provide for a termi-
14 nation of the tenancy of a tenant assisted under
15 this subsection after 1 year;

16 “(D) shall provide that the dwelling unit
17 owner shall offer leases to tenants assisted
18 under this subsection that—

19 “(i) are in a standard form used in
20 the locality by the dwelling unit owner; and

21 “(ii) contain terms and conditions
22 that—

23 “(I) are consistent with State
24 and local law; and

1 “(H) apply generally to tenants
2 in the property who are not assisted
3 under this section;

4 “(E) shall provide that the dwelling unit
5 owner may not terminate the tenancy of any
6 person assisted under this subsection during the
7 term of a lease that meets the requirements of
8 this section unless the owner determines, on the
9 same basis and in the same manner as would
10 apply to a tenant in the property who does not
11 receive assistance under this subsection, that—

12 “(i) the tenant has committed a seri-
13 ous violation of the terms and conditions of
14 the lease;

15 “(ii) the tenant has violated applicable
16 Federal, State, or local law; or

17 “(iii) other good cause for termination
18 of the tenancy exists; and

19 “(F) shall provide that any termination of
20 tenancy under this subsection shall be preceded
21 by the provision of written notice by the owner
22 to the tenant specifying the grounds for that
23 action, and any relief shall be consistent with
24 applicable State and local law.

1 “(8) INSPECTION OF UNITS BY PUBLIC HOUS-
2 ING AGENCIES.—

3 “(A) IN GENERAL.—Except as provided in
4 subparagraph (B), for each dwelling unit for
5 which a housing assistance payment contract is
6 established under this subsection, the public
7 housing agency shall—

8 “(i) inspect the unit before any assist-
9 ance payment is made to determine wheth-
10 er the dwelling unit meets housing quality
11 standards for decent and safe housing es-
12 tablished—

13 “(I) by the Secretary for pur-
14 poses of this subsection; or

15 “(II) by local housing codes or by
16 codes adopted by public housing agen-
17 cies that—

18 “(aa) meet or exceed hous-
19 ing quality standards; and

20 “(bb) do not severely restrict
21 housing choice; and

22 “(ii) make periodic inspections during
23 the contract term.

24 “(B) LEASING OF UNITS OWNED BY PUB-
25 LIC HOUSING AGENCY.—If an eligible family as-

1 sisted under this subsection leases a dwelling
 2 unit that is owned by a public housing agency
 3 administering assistance under this subsection;
 4 the Secretary shall require the unit of general
 5 local government, or another entity approved by
 6 the Secretary, to make inspections and rent de-
 7 terminations as required by this paragraph.

8 “(9) EXPEDITED INSPECTION PROCEDURES.—

9 “(A) DEMONSTRATION PROJECT.—Not
 10 later than 1 year after the date of enactment of
 11 the Public Housing Reform and Responsibility
 12 Act of 1997, the Secretary shall establish a
 13 demonstration project to identify efficient pro-
 14 cedures to determine whether units meet hous-
 15 ing quality standards for decent and safe hous-
 16 ing established by the Secretary.

17 “(B) PROCEDURES INCLUDED.—The dem-
 18 onstration project shall include the development
 19 of procedures to be followed in any case in
 20 which a family receiving tenant-based assistance
 21 under this subsection is moving into a dwelling
 22 unit, or in which a family notifies the public
 23 housing agency that a dwelling unit, in which
 24 the family no longer resides, fails to meet hous-
 25 ing quality standards. The Secretary shall also

1 establish procedures for the expedited repair
 2 and inspection of units that do not meet hous-
 3 ing quality standards.

4 “(C) RECOMMENDATIONS.—Not later than
 5 2 years after the date on which the demonstra-
 6 tion under this paragraph is implemented, the
 7 Secretary shall submit a report to Congress,
 8 which shall include an analysis of the dem-
 9 onstration and any recommendations for
 10 changes to the demonstration.

11 “(10) VACATED UNITS.—If a family vacates a
 12 dwelling unit, no assistance payment may be made
 13 under this subsection for the dwelling unit after the
 14 month during which the unit was vacated.

15 “(11) RENT.—

16 “(A) REASONABLE MARKET RENT.—The
 17 rent for dwelling units for which a housing as-
 18 sistance payment contract is established under
 19 this subsection shall be reasonable in compari-
 20 son with rents charged for comparable dwelling
 21 units in the private, unassisted, local market.

22 “(B) NEGOTIATED RENT.—A public hous-
 23 ing agency shall, at the request of a family re-
 24 ceiving tenant-based assistance under this sub-
 25 section, assist that family in negotiating a rea-

sonable rent with a dwelling unit owner. A public housing agency shall review the rent for a unit under consideration by the family (and all rent increases for units under lease by the family) to determine whether the rent (or rent increase) requested by the owner is reasonable. If a public housing agency determines that the rent (or rent increase) for a dwelling unit is not reasonable, the public housing agency shall not make housing assistance payments to the owner under this subsection with respect to that unit.

~~“(C) UNITS EXEMPT FROM LOCAL RENT CONTROL.—~~If a dwelling unit for which a housing assistance payment contract is established under this subsection is exempt from local rent control provisions during the term of that contract, the rent for that unit shall be reasonable in comparison with other units in the market area that are exempt from local rent control provisions.

~~“(D) TIMELY PAYMENTS.—~~Each public housing agency shall make timely payment of any amounts due to a dwelling unit owner under this subsection. The housing assistance payment contract between the owner and the

1 public housing agency may provide for penalties
 2 for the late payment of amounts due under the
 3 contract, which shall be imposed on the public
 4 housing agency in accordance with generally ac-
 5 cepted practices in the local housing market.

6 “(E) PENALTIES.—Unless otherwise au-
 7 thorized by the Secretary, each public housing
 8 agency shall pay any penalties from administra-
 9 tive fees collected by the public housing agency,
 10 except that no penalty shall be imposed if the
 11 late payment is due to factors that the Sec-
 12 retary determines are beyond the control of the
 13 public housing agency.

14 “(12) MANUFACTURED HOUSING.—

15 “(A) IN GENERAL.—A public housing
 16 agency may make assistance payments in ac-
 17 cordance with this subsection on behalf of a
 18 family that utilizes a manufactured home as a
 19 principal place of residence. Such payments
 20 may be made for the rental of the real property
 21 on which the manufactured home owned by any
 22 such family is located.

23 “(B) RENT CALCULATION.—

24 “(i) CHARGES INCLUDED.—For as-
 25 sistance pursuant to this paragraph, the

1 rent for the space on which a manufac-
 2 tured home is located and with respect to
 3 which assistance payments are to be made
 4 shall include maintenance and manage-
 5 ment charges and tenant-paid utilities.

6 “(ii) PAYMENT STANDARD.—The pub-
 7 lic housing agency shall establish a pay-
 8 ment standard for the purpose of deter-
 9 mining the monthly assistance that may be
 10 paid for any family under this paragraph.
 11 The payment standard may not exceed an
 12 amount approved or established by the
 13 Secretary.

14 “(iii) MONTHLY ASSISTANCE PAY-
 15 MENT.—The monthly assistance payment
 16 under this paragraph shall be determined
 17 in accordance with paragraph (2).

18 “(13) CONTRACT FOR ASSISTANCE PAY-
 19 MENTS.—

20 “(A) IN GENERAL.—If the Secretary en-
 21 ters into an annual contributions contract
 22 under this subsection with a public housing
 23 agency pursuant to which the public housing
 24 agency will enter into a housing assistance pay-

1 ment contract with respect to an existing struc-
2 ture under this subsection—

3 “(i) the housing assistance payment
4 contract may not be attached to the struc-
5 ture unless the owner agrees to rehabilitate
6 or newly construct the structure other than
7 with assistance under this Act, and other-
8 wise complies with this section; and

9 “(ii) the public housing agency may
10 approve a housing assistance payment con-
11 tract for such existing structure for not
12 more than 15 percent of the funding avail-
13 able for tenant-based assistance adminis-
14 tered by the public housing agency under
15 this section.

16 “(B) EXTENSION OF CONTRACT TERM.—

17 In the case of a housing assistance payment
18 contract that applies to a structure under this
19 paragraph, a public housing agency shall enter
20 into a contract with the owner, contingent upon
21 the future availability of appropriated funds for
22 the purpose of renewing expiring contracts for
23 assistance payments, as provided in appropria-
24 tions Acts, to extend the term of the underlying
25 housing assistance payment contract for such

1 period as the Secretary determines to be appro-
 2 priate to achieve long-term affordability of the
 3 housing. The contract shall obligate the owner
 4 to have such extensions of the underlying hous-
 5 ing assistance payment contract accepted by the
 6 owner and the successors in interest of the
 7 owner.

8 “(C) RENT CALCULATION.—For project-
 9 based assistance under this paragraph, housing
 10 assistance payment contracts shall establish
 11 rents and provide for rent adjustments in ac-
 12 cordance with subsection (c).

13 “(D) ADJUSTED RENTS.—With respect to
 14 rents adjusted under this paragraph—

15 “(i) the adjusted rent for any unit
 16 shall not exceed the rent for a comparable
 17 unassisted unit of similar quality, type,
 18 and age in the market area; and

19 “(ii) the provisions of subsection
 20 (c)(2)(A) do not apply.

21 “(14) INAPPLICABILITY TO TENANT-BASED AS-
 22 SISTANCE.—Subsection (c) does not apply to tenant-
 23 based assistance under this subsection.

24 “(15) HOMEOWNERSHIP OPTION.—

1 “(A) IN GENERAL.—A public housing
2 agency providing assistance under this sub-
3 section may, at the option of the agency, pro-
4 vide assistance for homeownership under sub-
5 section (y).”

6 “(B) ALTERNATIVE ADMINISTRATION.—A
7 public housing agency may contract with a non-
8 profit organization to administer a homeowner-
9 ship program under subsection (y).”

10 “(16) RENTAL VOUCHERS FOR WITNESS RELO-
11 CATION.—Of amounts made available for assistance
12 under this subsection in each fiscal year, the Sec-
13 retary, in consultation with the Inspector General,
14 shall make available such sums as may be necessary
15 for the relocation of witnesses in connection with ef-
16 forts to combat crime in public and assisted housing
17 pursuant to requests from law enforcement or pros-
18 ecution agencies.”.

19 **SEC. 202. REPEAL OF FEDERAL PREFERENCES.**

20 “(a) SECTION 8 EXISTING AND MODERATE REHABILI-
21 TATION.—Section 8(d)(1)(A) of the United States Hous-
22 ing Act of 1937 (42 U.S.C. 1437f(d)(1)(A)) is amended
23 to read as follows:

24 “(A) the selection of tenants shall be the func-
25 tion of the owner, subject to the annual contribu-

1 tions contract between the Secretary and the agency;
 2 except that with respect to the certificate and mod-
 3 erate rehabilitation programs only, for the purpose
 4 of selecting families to be assisted, the public hous-
 5 ing agency may establish, after public notice and an
 6 opportunity for public comment, a written system of
 7 preferences for selection that are not inconsistent
 8 with the comprehensive housing affordability strat-
 9 egy for the jurisdiction in which the project is lo-
 10 cated, in accordance with title I of the Cranston-
 11 Gonzalez National Affordable Housing Act;”.

12 (b) SECTION 8 NEW CONSTRUCTION AND SUBSTAN-
 13 TIAL REHABILITATION.—

14 (1) REPEAL.—Section 545(e) of the Cranston-
 15 Gonzalez National Affordable Housing Act (42
 16 U.S.C. 1437f note) is amended to read as follows:
 17 “(e) [Reserved.]”.

18 (2) PROHIBITION.—The provisions of section
 19 8(e)(2) of the United States Housing Act of 1937,
 20 as in existence on the day before October 1, 1983,
 21 that require tenant selection preferences shall not
 22 apply with respect to—

23 (A) housing constructed or substantially
 24 rehabilitated pursuant to assistance provided
 25 under section 8(b)(2) of the United States

1 Housing Act of 1937, as in existence on the day
2 before October 1, 1983; or

3 ~~(B) projects financed under section 202 of~~
4 ~~the Housing Act of 1959, as in existence on the~~
5 ~~day before the date of enactment of the Cran-~~
6 ~~ston-Gonzalez National Affordable Housing Act.~~

7 ~~(e) RENT SUPPLEMENTS.—Section 101(k) of the~~
8 ~~Housing and Urban Development Act of 1965 (12 U.S.C.~~
9 ~~1701s(k)) is amended to read as follows:~~

10 ~~“(k) [Reserved.]”.~~

11 ~~(d) CONFORMING AMENDMENTS.—~~

12 ~~(1) UNITED STATES HOUSING ACT OF 1937.—~~

13 ~~The United States Housing Act of 1937 (42 U.S.C.~~
14 ~~1437 et seq.) is amended—~~

15 ~~(A) in section 6(o), by striking “preference~~
16 ~~rules specified in” and inserting “written selec-~~
17 ~~tion criteria established pursuant to”;~~

18 ~~(B) in section 8(d)(2)(A), by striking the~~
19 ~~last sentence; and~~

20 ~~(C) in section 8(d)(2)(H), by striking~~
21 ~~“Notwithstanding subsection (d)(1)(A)(i), an”~~
22 ~~and inserting “An”.~~

23 ~~(2) CRANSTON-GONZALEZ NATIONAL AFFORD-~~
24 ~~ABLE HOUSING ACT.—The Cranston-Gonzalez Na-~~

1 tional Affordable Housing Act (42 U.S.C. 12704 et
2 seq.) is amended—

3 (A) in section 455(a)(2)(D)(iii), by striking
4 “would qualify for a preference under” and in-
5 serting “meet the written selection criteria es-
6 tablished pursuant to”; and

7 (B) in section 522(f)(6)(B), by striking
8 “any preferences for such assistance under sec-
9 tion 8(d)(1)(A)(i)” and inserting “the written
10 selection criteria established pursuant to section
11 8(d)(1)(A)”.

12 ~~(3) LOW-INCOME HOUSING PRESERVATION AND~~
13 ~~RESIDENT HOMEOWNERSHIP ACT OF 1990.—~~The sec-
14 ond sentence of section 226(b)(6)(B) of the Low-In-
15 come Housing Preservation and Resident Home-
16 ownership Act of 1990 (12 U.S.C. 4116(b)(6)(B)) is
17 amended by striking “requirement for giving pref-
18 erences to certain categories of eligible families
19 under” and inserting “written selection criteria es-
20 tablished pursuant to”.

21 ~~(4) HOUSING AND COMMUNITY DEVELOPMENT~~
22 ~~ACT OF 1992.—~~Section 655 of the Housing and Com-
23 munity Development Act of 1992 (42 U.S.C. 13615)
24 is amended by striking “preferences for occupancy”
25 and all that follows before the period at the end and

1 inserting “selection criteria established by the owner
 2 to elderly families according to such written selection
 3 criteria, and to near-elderly families according to
 4 such written selection criteria, respectively”.

5 (5) REFERENCES IN OTHER LAW.—Any ref-
 6 erence in any Federal law other than any provision
 7 of any law amended by paragraphs (1) through (5)
 8 of this subsection or section 201 to the preferences
 9 for assistance under section 8(d)(1)(A)(i) or
 10 8(o)(3)(B) of the United States Housing Act of
 11 1937, as those sections existed on the day before the
 12 effective date of this title, shall be considered to
 13 refer to the written selection criteria established pur-
 14 suant to section 8(d)(1)(A) or 8(o)(6)(A), respec-
 15 tively, of the United States Housing Act of 1937, as
 16 amended by this subsection and section 201 of this
 17 Act.

18 **SEC. 203. PORTABILITY.**

19 Section 8(r) of the United States Housing Act of
 20 1937 (42 U.S.C. 1437f(r)) is amended—

21 (1) in paragraph (1)—

22 (A) by striking “assisted under subsection
 23 (b) or (o)” and inserting “receiving tenant-
 24 based assistance under subsection (o)”; and

1 ~~(B)~~ by striking “the same State” and all
 2 that follows before the semicolon and inserting
 3 “any area in which a program is being adminis-
 4 tered under this section”;
 5 ~~(2)~~ in paragraph ~~(3)~~—

6 ~~(A)~~ by striking “(b) or”; and

7 ~~(B)~~ by adding at the end the following:
 8 “The Secretary shall establish procedures for
 9 the compensation of public housing agencies
 10 that issue vouchers to families that move into
 11 or out of the jurisdiction of the public housing
 12 agency under portability procedures. The Sec-
 13 retary may reserve amounts available for assist-
 14 ance under subsection ~~(c)~~ to compensate those
 15 public housing agencies.”; and

16 ~~(3)~~ by adding at the end the following:

17 “~~(5)~~ LEASE VIOLATIONS.—A family may not receive
 18 a voucher from a public housing agency and move to an-
 19 other jurisdiction under the tenant-based assistance pro-
 20 gram if the family has moved out of the assisted dwelling
 21 unit of the family in violation of a lease.”.

22 **SEC. 204. LEASING TO VOUCHER HOLDERS.**

23 Section 8(t) of the United States Housing Act of
 24 1937 (42 U.S.C. 1437f(t)) is amended to read as follows:

25 “(t) [Reserved.]”.

1 **SEC. 205. HOMEOWNERSHIP OPTION.**

2 Section 8(y) of the United States Housing Act of
3 1937 (42 U.S.C. 1437f(y)) is amended—

4 (1) in paragraph (1)(A), by inserting before the
5 semicolon “, or owns or is acquiring shares in a co-
6 operative”;

7 (2) in paragraph (1)(B), by striking “(i) par-
8 ticipates” and all that follows through “(ii) dem-
9 onstrates” and inserting “demonstrates”;

10 (3) by striking paragraph (2) and inserting the
11 following:

12 “(2) DETERMINATION OF AMOUNT OF ASSIST-
13 ANCE.—

14 “(A) MONTHLY EXPENSES DO NOT EX-
15 CEED PAYMENT STANDARD.—If the monthly
16 homeownership expenses, as determined in ac-
17 cordance with requirements established by the
18 Secretary, do not exceed the payment standard,
19 the monthly assistance payment shall be the
20 amount by which the homeownership expenses
21 exceed the highest of the following amounts,
22 rounded to the nearest dollar:

23 “(i) Thirty percent of the monthly ad-
24 justed income of the family.

25 “(ii) Ten percent of the monthly in-
26 come of the family.

1 “(iii) If the family is receiving pay-
 2 ments for welfare assistance from a public
 3 agency, and a portion of those payments,
 4 adjusted in accordance with the actual
 5 housing costs of the family, is specifically
 6 designated by that agency to meet the
 7 housing costs of the family, the portion of
 8 those payments that is so designated.

9 “(B) MONTHLY EXPENSES EXCEED PAY-
 10 MENT STANDARD.—If the monthly homeowner-
 11 ship expenses, as determined in accordance with
 12 requirements established by the Secretary, ex-
 13 ceed the payment standard, the monthly assist-
 14 ance payment shall be the amount by which the
 15 applicable payment standard exceeds the high-
 16 est of the following amounts, rounded to the
 17 nearest dollar:

18 “(i) Thirty percent of the monthly ad-
 19 justed income of the family.

20 “(ii) Ten percent of the monthly in-
 21 come of the family.

22 “(iii) If the family is receiving pay-
 23 ments for welfare assistance from a public
 24 agency and a part of those payments, ad-
 25 justed in accordance with the actual hous-

1 ing costs of the family, is specifically des-
 2 ignated by that agency to meet the housing
 3 costs of the family, the portion of those
 4 payments that is so designated.”;

5 (4) by striking paragraphs (3) through (5); and
 6 (5) by redesignating paragraphs (6) through
 7 (8) as paragraphs (3) through (5), respectively.

8 **SEC. 206. LAW ENFORCEMENT AND SECURITY PERSONNEL**
 9 **IN PUBLIC HOUSING.**

10 Section 8 of the United States Housing Act of 1937
 11 (42 U.S.C. 1437f) is amended by adding at the end the
 12 following:

13 “(cc) **LAW ENFORCEMENT AND SECURITY PERSON-**
 14 **NEL.**—Notwithstanding any other provision of this Act, an
 15 owner may admit, and assistance may be provided to, po-
 16 lice officers and other security personnel (who are not oth-
 17 erwise eligible for assistance under the Act), in the case
 18 of assistance attached to a structure. In addition, the Sec-
 19 retary may permit such special rent requirements to be
 20 accompanied by other terms and conditions of occupancy
 21 that the Secretary may consider appropriate and may re-
 22 quire the owner to submit an application for special rent
 23 requirements which shall include such information as the
 24 Secretary, in the discretion of the Secretary, determines
 25 to be necessary.”.

1 **SEC. 207. TECHNICAL AND CONFORMING AMENDMENTS.**

2 (a) **LOWER INCOME HOUSING ASSISTANCE.**—Section
3 8 of the United States Housing Act of 1937 (42 U.S.C.
4 1437f) is amended—

5 (1) in subsection (a), by striking the second and
6 third sentences;

7 (2) in subsection (b)—

8 (A) in the subsection heading, by striking
9 “RENTAL CERTIFICATES AND”; and

10 (B) in the first undesignated paragraph—

11 (i) by striking “The Secretary” and
12 inserting the following:

13 “(1) IN GENERAL.—The Secretary”; and

14 (ii) by striking the second sentence;

15 (3) in subsection (c)—

16 (A) in paragraph (3)—

17 (i) by striking “(A)”; and

18 (ii) by striking subparagraph (B);

19 (B) in the first sentence of paragraph (4),
20 by striking “or by a family that qualifies to re-
21 ceive” and all that follows through “1990”;

22 (C) by striking paragraph (5) and redesign-
23 ating paragraph (6) as paragraph (5);

24 (D) by striking paragraph (7) and redesign-
25 ating paragraphs (8) through (10) as para-
26 graphs (6) through (8), respectively;

1 (E) in paragraph (6), as redesignated, by
 2 inserting “(other than a contract under section
 3 8(o))” after “section”;

4 (F) in paragraph (7), as redesignated, by
 5 striking “(but not less than 90 days in the case
 6 of housing certificates or vouchers under sub-
 7 section (b) or (o))” and inserting “, other than
 8 a contract under subsection (o)”;

9 (G) in paragraph (8), as redesignated, by
 10 striking “housing certificates or vouchers under
 11 subsection (b) or (o)” and inserting “tenant-
 12 based assistance under this section”;

13 (4) in subsection (d)—

14 (A) in paragraph (1)(B)(iii), by striking
 15 “on or near such premises”; and

16 (B) in paragraph (2)—

17 (i) in subparagraph (A), by striking
 18 the third sentence and all that follows
 19 through the end of the subparagraph; and

20 (ii) by striking subparagraphs (B)
 21 through (E) and redesignating subpara-
 22 graphs (F) through (H) as subparagraphs
 23 (B) through (D), respectively;

24 (5) in subsection (f)—

1 (A) in paragraph (6), by striking “(d)(2)”
2 and inserting “(o)(11)”; and

3 (B) in paragraph (7)—

4 (i) by striking “(b) or”; and

5 (ii) by inserting before the period the
6 following: “and that provides for the eligi-
7 ble family to select suitable housing and to
8 move to other suitable housing”;

9 (6) by striking subsection (j) and inserting the
10 following:

11 “(j) [Reserved.]”;

12 (7) by striking subsection (n) and inserting the
13 following:

14 “(n) [Reserved.]”;

15 (8) in subsection (q)—

16 (A) in the first sentence of paragraph (1),
17 by striking “and housing voucher programs
18 under subsections (b) and (o)” and inserting
19 “program under this section”;

20 (B) in paragraph (2)(A)(i), by striking
21 “and housing voucher programs under sub-
22 sections (b) and (o)” and inserting “program
23 under this section”; and

24 (C) in paragraph (2)(B), by striking “and
25 housing voucher programs under subsections

1 (b) and (o)” and inserting “program under this
2 section”;

3 (9) in subsection (u), by striking “certificates
4 or” each place that term appears; and

5 (10) in subsection (x)(2), by striking “housing
6 certificate assistance” and inserting “tenant-based
7 assistance”.

8 (b) PUBLIC HOUSING HOMEOWNERSHIP AND MAN-
9 AGEMENT OPPORTUNITIES.—Section 21(b)(3) of the
10 United States Housing Act of 1937 (42 U.S.C.
11 1437s(b)(3)) is amended—

12 (1) in the first sentence, by striking “(at the
13 option of the family) a certificate under section
14 8(b)(1) or a housing voucher under section 8(o)”
15 and inserting “tenant-based assistance under section
16 8”; and

17 (2) by striking the second sentence.

18 (c) DOCUMENTATION OF EXCESSIVE RENT BUR-
19 DENS.—Section 550(b) of the Cranston-Gonzalez National
20 Affordable Housing Act (42 U.S.C. 1437f note) is amend-
21 ed—

22 (1) in paragraph (1), by striking “assisted
23 under the certificate and voucher programs estab-
24 lished” and inserting “receiving tenant-based assist-
25 ance”;

1 (2) in the first sentence of paragraph (2)—

2 (A) by striking “, for each of the certifi-
3 cate program and the voucher program” and in-
4 serting “for the tenant-based assistance under
5 section 8”; and

6 (B) by striking “participating in the pro-
7 gram” and inserting “receiving tenant-based as-
8 sistance”; and

9 (3) in paragraph (3), by striking “assistance
10 under the certificate or voucher program” and in-
11 serting “tenant-based assistance under section 8 of
12 the United States Housing Act of 1937”.

13 (d) GRANTS FOR COMMUNITY RESIDENCES AND
14 SERVICES.—Section 861(b)(1)(D) of the Cranston-Gon-
15 zalez National Affordable Housing Act (42 U.S.C.
16 12910(b)(1)(D)) is amended by striking “certificates or
17 vouchers” and inserting “assistance”.

18 (e) SECTION 8 CERTIFICATES AND VOUCHERS.—Sec-
19 tion 931 of the Cranston-Gonzalez National Affordable
20 Housing Act (42 U.S.C. 1437e note) is amended by strik-
21 ing “assistance under the certificate and voucher pro-
22 grams under sections 8(b) and (c) of such Act” and insert-
23 ing “tenant-based assistance under section 8 of the United
24 States Housing Act of 1937”.

1 (f) ASSISTANCE FOR DISPLACED TENANTS.—Section
 2 223(a) of the Housing and Community Development Act
 3 of 1987 (42 U.S.C. 4113(a)) is amended by striking “as-
 4 sistance under the certificate and voucher programs under
 5 sections 8(b) and 8(o)” and inserting “tenant-based as-
 6 sistance under section 8”.

7 (g) RURAL HOUSING PRESERVATION GRANTS.—Sec-
 8 tion 533(a) of the Housing Act of 1949 (42 U.S.C.
 9 1490m(a)) is amended in the second sentence by striking
 10 “assistance payments as provided by section 8(o)” and in-
 11 serting “tenant-based assistance as provided under section
 12 8”.

13 (h) REPEAL OF MOVING TO OPPORTUNITIES FOR
 14 FAIR HOUSING DEMONSTRATION.—Section 152 of the
 15 Housing and Community Development Act of 1992 (42
 16 U.S.C. 1437f note) is repealed.

17 (i) PREFERENCES FOR ELDERLY FAMILIES AND
 18 PERSONS.—Section 655 of the Housing and Community
 19 Development Act of 1992 (42 U.S.C. 13615) is amended
 20 by striking “the first sentence of section 8(o)(3)(B)” and
 21 inserting “section 8(o)(6)(A)”.

22 (j) ASSISTANCE FOR TROUBLED MULTIFAMILY
 23 HOUSING PROJECTS.—Section 201(m)(2)(A) of the Hous-
 24 ing and Community Development Amendments of 1978

1 ~~(12 U.S.C. 1715z-1a(m)(2)(A))~~ is amended by striking
 2 “section 8(b)(1)” and inserting “section 8”.

3 (k) ~~MANAGEMENT AND DISPOSITION OF MULTIFAM-~~
 4 ~~ILY HOUSING PROJECTS.~~—Section 203(g)(2) of the Hous-
 5 ing and Community Development Amendments of 1978
 6 ~~(12 U.S.C. 1701z-11(g)(2))~~, as amended by section
 7 101(b) of the Multifamily Housing Property Disposition
 8 Reform Act of 1994, is amended by striking “8(o)(3)(B)”
 9 and inserting “8(o)(6)(A)”.

10 **SEC. 208. IMPLEMENTATION.**

11 In accordance with the negotiated rulemaking proce-
 12 dures set forth in subchapter III of chapter 5 of title 5,
 13 United States Code, the Secretary shall issue such regula-
 14 tions as may be necessary to implement the amendments
 15 made by this title after notice and opportunity for public
 16 comment.

17 **SEC. 209. DEFINITION.**

18 In this title, the term “public housing agency” has
 19 the same meaning as section 3 of the United States Hous-
 20 ing Act of 1937, except that such term shall also include
 21 any other nonprofit entity serving more than one local gov-
 22 ernment jurisdiction that was administering the section 8
 23 tenant-based assistance program pursuant to a contract
 24 with the Secretary or a public housing agency prior to the
 25 date of enactment of this Act.

1 **SEC. 210. EFFECTIVE DATE.**

2 (a) ~~IN GENERAL.~~—The amendments made by this
3 title shall become effective not later than 1 year after the
4 date of enactment of this Act.

5 (b) ~~CONVERSION ASSISTANCE.~~—

6 (1) ~~IN GENERAL.~~—The Secretary may provide
7 for the conversion of assistance under the certificate
8 and voucher programs under subsections (b) and (c)
9 of section 8 of the United States Housing Act of
10 1937, as those sections existed on the day before the
11 effective date of the amendments made by this title;
12 to the voucher program established by the amend-
13 ments made by this title.

14 (2) ~~CONTINUED APPLICABILITY.~~—The Sec-
15 retary may apply the provisions of the United States
16 Housing Act of 1937, or any other provision of law
17 amended by this title, as those provisions existed on
18 the day before the effective date of the amendments
19 made by this title, to assistance obligated by the
20 Secretary before that effective date for the certifi-
21 cate or voucher program under section 8 of the
22 United States Housing Act of 1937, if the Secretary
23 determines that such action is necessary for sim-
24 plification of program administration, avoidance of
25 hardship, or other good cause.

1 **TITLE III—MISCELLANEOUS**
 2 **PROVISIONS**

3 **SEC. 301. PUBLIC HOUSING FLEXIBILITY IN THE CHAS.**

4 Section 105(b) of the Cranston-Gonzalez National
 5 Affordable Housing Act (42 U.S.C. 12705(b)) is amend-
 6 ed—

7 (1) by redesignating the second paragraph des-
 8 ignated as paragraph (17) (as added by section
 9 681(2) of the Housing and Community Development
 10 Act of 1992) as paragraph (20);

11 (2) by redesignating paragraph (17) (as added
 12 by section 220(b)(3) of the Housing and Community
 13 Development Act of 1992) as paragraph (19);

14 (3) by redesignating the second paragraph des-
 15 ignated as paragraph (16) (as added by section
 16 220(e)(1) of the Housing and Community Develop-
 17 ment Act of 1992) as paragraph (18);

18 (4) in paragraph (16)—

19 (A) by striking the period at the end and
 20 inserting a semicolon; and

21 (B) by striking “(16)” and inserting
 22 “(17)”;

23 (5) by redesignating paragraphs (11) through
 24 (15) as paragraphs (12) through (16), respectively;
 25 and

1 (6) by inserting after paragraph (10) the fol-
2 lowing:

3 “(11) describe the manner in which the plan of
4 the jurisdiction will help address the needs of public
5 housing and coordinate with the local public housing
6 agency plan under section 5A of the United States
7 Housing Act of 1937;”.

8 **SEC. 302. DETERMINATION OF INCOME LIMITS.**

9 (a) IN GENERAL.—Section 3(b)(2) of the United
10 States Housing Act of 1937 (42 U.S.C. 1437a(b)(2)) is
11 amended—

12 (1) in the fourth sentence—

13 (A) by striking “County,” and inserting
14 “and Rockland Counties”; and

15 (B) by inserting “each” before “such coun-
16 ty”; and

17 (2) in the fifth sentence, by striking “County”
18 each place that term appears and inserting “and
19 Rockland Counties”.

20 (b) REGULATIONS.—Not later than 90 days after the
21 date of enactment of this Act, the Secretary shall issue
22 regulations implementing the amendments made by sub-
23 section (a).

1 **SEC. 303. DEMOLITION OF PUBLIC HOUSING.**

2 Notwithstanding any other provision of law, begin-
 3 ning on the date of enactment of this Act, the public hous-
 4 ing projects described in section 415 of the Department
 5 of Housing and Urban Development—Independent Agen-
 6 cies Appropriations Act, 1988 (as in existence on April
 7 25, 1996) shall be eligible for demolition under—

8 (1) section 9 of the United States Housing Act
 9 of 1937, as amended by this Act; and

10 (2) section 14 of the United States Housing
 11 Act of 1937, as that section existed on the day be-
 12 fore the date of enactment of this Act.

13 **SEC. 304. TECHNICAL CORRECTION OF PUBLIC HOUSING**
 14 **AGENCY OPT-OUT AUTHORITY.**

15 Section 214(h)(2)(A) of the Housing and Community
 16 Development Act of 1980 (42 U.S.C. 1436(h)(2)(A)) is
 17 amended by striking “this section” and inserting “para-
 18 graph (1) of this subsection”.

19 **SEC. 305. REVIEW OF DRUG ELIMINATION PROGRAM CON-**
 20 **TRACTS.**

21 (a) **REQUIREMENT.**—The Secretary shall investigate
 22 all security contracts awarded by grantees under the Pub-
 23 lic and Assisted Housing Drug Elimination Act of 1990
 24 (42 U.S.C. 11901 et seq.) that are public housing agencies
 25 that own or operate more than 4,500 public housing dwell-
 26 ing units—

1 (1) to determine whether the contractors under
2 such contracts have complied with all laws and regu-
3 lations regarding prohibition of discrimination in
4 hiring practices;

5 (2) to determine whether such contracts were
6 awarded in accordance with the applicable laws and
7 regulations regarding the award of such contracts;

8 (3) to determine how many such contracts were
9 awarded under emergency contracting procedures;

10 (4) to evaluate the effectiveness of the con-
11 tracts; and

12 (5) to provide a full accounting of all expenses
13 under the contracts.

14 (b) REPORT.—Not later than 180 days after the date
15 of the enactment of this Act, the Secretary shall complete
16 the investigation required under subsection (a) and submit
17 a report to Congress regarding the findings under the in-
18 vestigation. With respect to each such contract, the report
19 shall—

20 (1) state whether the contract was made and is
21 operating, or was not made or is not operating, in
22 full compliance with applicable laws and regulations;
23 and

1 (2) for each contract that the Secretary deter-
 2 mines is in such compliance issue a personal certifi-
 3 cation of such compliance by the Secretary.

4 (c) ACTIONS.—For each contract that is described in
 5 the report under subsection (b) as not made or not operat-
 6 ing in full compliance with applicable laws and regulations,
 7 the Secretary shall promptly take any actions available
 8 under law or regulation that are necessary—

9 (1) to bring such contract into compliance; or

10 (2) to terminate the contract.

11 (d) EFFECTIVE DATE.—This section shall take effect
 12 on the date of the enactment of this Act.

13 **SEC. 306. OTHER REPEALS.**

14 The following provisions of law are repealed:

15 (1) MOVING TO OPPORTUNITY FOR FAIR HOUS-
 16 ING.—Section 152 of the Housing and Community
 17 Development Act of 1992 (42 U.S.C. 1437f note).

18 (2) REPORT REGARDING FAIR HOUSING OBJEC-
 19 TIVES.—Section 153 of the Housing and Community
 20 Development Act of 1992 (42 U.S.C. 1437f note).

21 (3) SPECIAL PROJECTS FOR ELDERLY OR
 22 HANDICAPPED FAMILIES.—Section 209 of the Hous-
 23 ing and Community Development Act of 1974 (42
 24 U.S.C. 1438).

1 (4) MISCELLANEOUS PROVISIONS.—Subsections
2 (b)(1), (c), and (d) of section 326 of the Housing
3 and Community Development Amendments of 1981
4 (Public Law 97–35, 95 Stat. 406; 42 U.S.C. 1437f
5 note).

6 (5) PUBLIC HOUSING CHILDHOOD DEVELOP-
7 MENT.—Section 222 of the Housing and Urban-
8 Rural Recovery Act of 1983 (12 U.S.C. 1701z–6
9 note).

10 (6) INDIAN HOUSING CHILDHOOD DEVELOP-
11 MENT.—Section 518 of the Cranston-Gonzalez Na-
12 tional Affordable Housing Act (12 U.S.C. 1701z–6
13 note).

14 (7) PUBLIC HOUSING ONE-STOP PERINATAL
15 SERVICES DEMONSTRATION.—Section 521 of the
16 Cranston-Gonzalez National Affordable Housing Act
17 (42 U.S.C. 1437t note).

18 (8) PUBLIC HOUSING MINCS DEMONSTRA-
19 TION.—Section 522 of the Cranston-Gonzalez Na-
20 tional Affordable Housing Act (42 U.S.C. 1437f
21 note).

22 (9) PUBLIC HOUSING ENERGY EFFICIENCY
23 DEMONSTRATION.—Section 523 of the Cranston-
24 Gonzalez National Affordable Housing Act (42
25 U.S.C. 1437g note).

1 ~~(10) PUBLIC AND ASSISTED HOUSING YOUTH~~
 2 ~~SPORTS PROGRAMS.—Section 520 of the Cranston-~~
 3 ~~Gonzalez National Affordable Housing Act (42~~
 4 ~~U.S.C. 11903a).~~

5 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

6 (a) *SHORT TITLE.*—*This Act may be cited as the*
 7 *“Public Housing Reform and Responsibility Act of 1997”.*

8 (b) *TABLE OF CONTENTS.*—*The table of contents for*
 9 *this Act is as follows:*

Sec. 1. Short title; table of contents.
Sec. 2. Findings and purposes.
Sec. 3. Definitions.
Sec. 4. Effective date.
Sec. 5. Proposed regulations; technical recommendations.
Sec. 6. Elimination of obsolete documents.
Sec. 7. Annual reports.

TITLE I—PUBLIC HOUSING

Sec. 101. Declaration of policy.
Sec. 102. Membership on board of directors.
Sec. 103. Rental payments.
Sec. 104. Definitions.
Sec. 105. Contributions for lower income housing projects.
Sec. 106. Public housing agency plan.
Sec. 107. Contract provisions and requirements.
Sec. 108. Expansion of powers for dealing with PHA's in substantial default.
Sec. 109. Public housing site-based waiting lists.
Sec. 110. Public housing capital and operating funds.
Sec. 111. Community service and self-sufficiency.
Sec. 112. Repeal of energy conservation; consortia and joint ventures.
Sec. 113. Repeal of modernization fund.
Sec. 114. Eligibility for public and assisted housing.
Sec. 115. Demolition and disposition of public housing.
Sec. 116. Repeal of family investment centers; voucher system for public housing.
Sec. 117. Repeal of family self-sufficiency; homeownership opportunities.
Sec. 118. Revitalizing severely distressed public housing.
Sec. 119. Mixed-finance and mixed-ownership projects.
Sec. 120. Conversion of distressed public housing to tenant-based assistance.
Sec. 121. Public housing mortgages and security interests.
Sec. 122. Linking services to public housing residents.
Sec. 123. Prohibition on use of amounts.
Sec. 124. Pet ownership.

TITLE II—SECTION 8 RENTAL ASSISTANCE

- Sec. 201. Merger of the certificate and voucher programs.*
Sec. 202. Repeal of Federal preferences.
Sec. 203. Portability.
Sec. 204. Leasing to voucher holders.
Sec. 205. Homeownership option.
Sec. 206. Law enforcement and security personnel in public housing.
Sec. 207. Technical and conforming amendments.
Sec. 208. Implementation.
Sec. 209. Definition.
Sec. 210. Effective date.
Sec. 211. Recapture and reuse of annual contribution contract project reserves under the tenant-based assistance program.

TITLE III—SAFETY AND SECURITY IN PUBLIC AND ASSISTED HOUSING

- Sec. 301. Screening of applicants.*
Sec. 302. Termination of tenancy and assistance.
Sec. 303. Lease requirements.
Sec. 304. Availability of criminal records for public housing resident screening and eviction.
Sec. 305. Definitions.
Sec. 306. Conforming amendments.

TITLE IV—MISCELLANEOUS PROVISIONS

- Sec. 401. Public housing flexibility in the CHAS.*
Sec. 402. Determination of income limits.
Sec. 403. Demolition of public housing.
Sec. 404. Technical correction of public housing agency opt-out authority.
Sec. 405. Review of drug elimination program contracts.
Sec. 406. Sense of Congress.
Sec. 407. Other repeals.

1 **SEC. 2. FINDINGS AND PURPOSES.**

2 (a) *FINDINGS.*—Congress finds that—

3 (1) *there exists throughout the Nation a need for*
 4 *decent, safe, and affordable housing;*

5 (2) *the inventory of public housing units owned*
 6 *and operated by public housing agencies, an asset in*
 7 *which the Federal Government has invested approxi-*
 8 *mately \$90,000,000,000, has traditionally provided*
 9 *rental housing that is affordable to low-income per-*
 10 *sons;*

1 (3) *despite serving this critical function, the pub-*
 2 *lic housing system is plagued by a series of problems,*
 3 *including the concentration of very poor people in*
 4 *very poor neighborhoods and disincentives for eco-*
 5 *nomie self-sufficiency;*

6 (4) *the Federal method of overseeing every aspect*
 7 *of public housing by detailed and complex statutes*
 8 *and regulations aggravates the problem and places ex-*
 9 *cessive administrative burdens on public housing*
 10 *agencies;*

11 (5) *the interests of low-income persons, and the*
 12 *public interest, will best be served by a reformed pub-*
 13 *lic housing program that—*

14 (A) *consolidates many public housing pro-*
 15 *grams into programs for the operation and cap-*
 16 *ital needs of public housing;*

17 (B) *streamlines program requirements;*

18 (C) *vests in public housing agencies that*
 19 *perform well the maximum feasible authority,*
 20 *discretion, and control with appropriate ac-*
 21 *countability to both public housing residents and*
 22 *localities; and*

23 (D) *rewards employment and economic self-*
 24 *sufficiency of public housing residents; and*

(6) *voucher and certificate programs under section 8 of the United States Housing Act of 1937 are successful for approximately 80 percent of applicants, and a consolidation of the voucher and certificate programs into a single, market-driven program will assist in making section 8 tenant-based assistance more successful in assisting low-income families in obtaining affordable housing and will increase housing choice for low-income families.*

(b) PURPOSES.—The purposes of this Act are—

(1) to consolidate the various programs and activities under the public housing programs administered by the Secretary in a manner designed to reduce Federal overregulation;

(2) to redirect the responsibility for a consolidated program to States, localities, public housing agencies, and public housing residents;

(3) to require Federal action to overcome problems of public housing agencies with severe management deficiencies; and

(4) to consolidate and streamline tenant-based assistance programs.

SEC. 3. DEFINITIONS.

In this Act:

1 (1) *PUBLIC HOUSING AGENCY.*—The term “pub-
 2 lic housing agency” has the same meaning as in sec-
 3 tion 3 of the United States Housing Act of 1937.

4 (2) *SECRETARY.*—The term “Secretary” means
 5 the Secretary of Housing and Urban Development.

6 **SEC. 4. EFFECTIVE DATE.**

7 *Except as otherwise specifically provided in this Act*
 8 *or the amendments made by this Act, this Act and the*
 9 *amendments made by this Act shall take effect on the date*
 10 *of enactment of this Act.*

11 **SEC. 5. PROPOSED REGULATIONS; TECHNICAL REC-**
 12 **COMMENDATIONS.**

13 (a) *PROPOSED REGULATIONS.*—Not later than 9
 14 months after the date of enactment of this Act, the Secretary
 15 shall submit to Congress proposed regulations that the Sec-
 16 retary determines are necessary to carry out the United
 17 States Housing Act of 1937, as amended by this Act.

18 (b) *TECHNICAL RECOMMENDATIONS.*—Not later than
 19 9 months after the date of enactment of this Act, the Sec-
 20 retary shall submit to the Committee on Banking, Housing,
 21 and Urban Affairs of the Senate and the Committee on
 22 Banking and Financial Services of the House of Represent-
 23 atives, recommended technical and conforming legislative
 24 changes necessary to carry out this Act and the amendments
 25 made by this Act.

1 **SEC. 6. ELIMINATION OF OBSOLETE DOCUMENTS.**

2 *Effective 1 year after the date of enactment of this Act,*
 3 *no rule, regulation, or order (including all handbooks, no-*
 4 *tices, and related requirements) pertaining to public hous-*
 5 *ing or section 8 tenant-based programs issued or promul-*
 6 *gated under the United States Housing Act of 1937 before*
 7 *the date of enactment of this Act may be enforced by the*
 8 *Secretary.*

9 **SEC. 7. ANNUAL REPORTS.**

10 *Not later than 1 year after the date of enactment of*
 11 *this Act, and annually thereafter, the Secretary shall submit*
 12 *a report to Congress on—*

13 *(1) the impact of the amendments made by this*
 14 *Act on—*

15 *(A) the demographics of public housing resi-*
 16 *dents and families receiving tenant-based assist-*
 17 *ance under the United States Housing Act of*
 18 *1937; and*

19 *(B) the economic viability of public housing*
 20 *agencies; and*

21 *(2) the effectiveness of the rent policies estab-*
 22 *lished by this Act and the amendments made by this*
 23 *Act on the employment status and earned income of*
 24 *public housing residents.*

1 ***TITLE I—PUBLIC HOUSING***

2 ***SEC. 101. DECLARATION OF POLICY.***

3 *Section 2 of the United States Housing Act of 1937*
 4 *(42 U.S.C. 1437) is amended to read as follows:*

5 ***“SEC. 2. DECLARATION OF POLICY.***

6 *“It is the policy of the United States to promote the*
 7 *general welfare of the Nation by employing the funds and*
 8 *credit of the Nation, as provided in this title—*

9 *“(1) to assist States and political subdivisions of*
 10 *States to remedy the unsafe housing conditions and*
 11 *the acute shortage of decent and safe dwellings for*
 12 *low-income families;*

13 *“(2) to assist States and political subdivisions of*
 14 *States to address the shortage of housing affordable to*
 15 *low-income families; and*

16 *“(3) consistent with the objectives of this title, to*
 17 *vest in public housing agencies that perform well, the*
 18 *maximum amount of responsibility and flexibility in*
 19 *program administration, with appropriate account-*
 20 *ability to both public housing residents and local-*
 21 *ities.”.*

22 ***SEC. 102. MEMBERSHIP ON BOARD OF DIRECTORS.***

23 *Title I of the United States Housing Act of 1937 (42*
 24 *U.S.C. 1437 et seq.) is amended—*

1 (1) *by redesignating the second section des-*
 2 *ignated as section 27 (as added by section 903(b) of*
 3 *Public Law 104–193 (110 Stat. 2348)) as section 28;*
 4 *and*

5 (2) *by adding at the end the following:*

6 **“SEC. 29. MEMBERSHIP ON BOARD OF DIRECTORS.**

7 “(a) *REQUIRED MEMBERSHIP.—Except as provided*
 8 *in subsection (b), the membership of the board of directors*
 9 *of each public housing agency shall contain not less than*
 10 *1 member—*

11 “(1) *who is a resident who directly receives as-*
 12 *sistance from the public housing agency; and*

13 “(2) *who may, if provided for in the public hous-*
 14 *ing agency plan (as developed with appropriate no-*
 15 *tice and opportunity for comment by the resident ad-*
 16 *visory board) be elected by the residents directly re-*
 17 *ceiving assistance from the public housing agency.*

18 “(b) *EXCEPTION.—Subsection (a) shall not apply to*
 19 *any public housing agency—*

20 “(1) *that is located in a State that requires the*
 21 *members of the board of directors of a public housing*
 22 *agency to be salaried and to serve on a full-time*
 23 *basis; or*

24 “(2) *with less than 300 units, if—*

1 “(A) the public housing agency has pro-
 2 vided reasonable notice to the resident advisory
 3 board of the opportunity of not less than 1 resi-
 4 dent described in subsection (a) to serve on the
 5 board of directors of the public housing agency
 6 pursuant to that subsection; and

7 “(B) within a reasonable time after receipt
 8 by the resident advisory board of notice under
 9 subparagraph (A), the public housing agency has
 10 not been notified of the intention of any resident
 11 to participate on the board of directors.

12 “(c) **NONDISCRIMINATION.**—No person shall be prohib-
 13 ited from serving on the board of directors or similar gov-
 14 erning body of a public housing agency because of the resi-
 15 dence of that person in a public housing project.”.

16 **SEC. 103. RENTAL PAYMENTS.**

17 (a) **IN GENERAL.**—Section 3(a)(1)(A) of the United
 18 States Housing Act of 1937 (42 U.S.C. 1437a(a)(1)(A)) is
 19 amended by inserting before the semicolon the following: “
 20 or, if the family resides in public housing, an amount estab-
 21 lished by the public housing agency, which shall not exceed
 22 30 percent of the monthly adjusted income of the family”.

23 (b) **AUTHORITY OF PUBLIC HOUSING AGENCIES.**—Sec-
 24 tion 3(a)(2) of the United States Housing Act of 1937 (42
 25 U.S.C. 1437a(a)(2)) is amended to read as follows:

1 “(2) *AUTHORITY OF PUBLIC HOUSING AGEN-*
2 *CIES.—*

3 “(A) *IN GENERAL.—Notwithstanding para-*
4 *graph (1), a public housing agency may adopt*
5 *ceiling rents that reflect the reasonable market*
6 *value of the housing, but that are not less than—*

7 “(i) *75 percent of the monthly cost to*
8 *operate the housing of the public housing*
9 *agency; and*

10 “(ii) *the monthly cost to make a de-*
11 *posit to a replacement reserve (in the sole*
12 *discretion of the public housing agency).*

13 “(B) *MINIMUM RENT.—Notwithstanding*
14 *paragraph (1), a public housing agency may*
15 *provide that each family residing in a public*
16 *housing project or receiving tenant-based or*
17 *project-based assistance under section 8 shall pay*
18 *a minimum monthly rent in an amount not to*
19 *exceed \$25 per month.*

20 “(C) *POLICE OFFICERS.—*

21 “(i) *IN GENERAL.—Notwithstanding*
22 *any other provision of law, a public housing*
23 *agency may, in accordance with the public*
24 *housing agency plan, allow a police officer*
25 *who is not otherwise eligible for residence in*

1 *public housing to reside in a public housing*
 2 *unit. The number and location of units oc-*
 3 *cupied by police officers under this clause,*
 4 *and the terms and conditions of their ten-*
 5 *ancies, shall be determined by the public*
 6 *housing agency.*

7 “(ii) *DEFINITION.*—*In this subpara-*
 8 *graph, the term ‘police officer’ means any*
 9 *person determined by a public housing*
 10 *agency to be, during the period of residence*
 11 *of that person in public housing, employed*
 12 *on a full-time basis as a duly licensed pro-*
 13 *fessional police officer by a Federal, State,*
 14 *or local government or by any agency there-*
 15 *of (including a public housing agency hav-*
 16 *ing an accredited police force).*

17 “(D) *EXCEPTION TO INCOME LIMITATIONS*
 18 *FOR CERTAIN PUBLIC HOUSING AGENCIES.*—

19 “(i) *DEFINITION OF OVER-INCOME*
 20 *FAMILY.*—*In this subparagraph, the term*
 21 *‘over-income family’ means an individual*
 22 *or family that is not a low-income family*
 23 *or a very low-income family.*

24 “(ii) *AUTHORIZATION.*—*Notwithstand-*
 25 *ing any other provision of law, a public*

1 housing agency that manages less than 250
 2 units may, on a month-to-month basis, lease
 3 a unit in a public housing project to an
 4 over-income family in accordance with this
 5 subparagraph, if there are no eligible fami-
 6 lies applying for residence in that public
 7 housing project for that month.

8 “(iii) *TERMS AND CONDITIONS.*—The
 9 number and location of units occupied by
 10 over-income families under this subpara-
 11 graph, and the terms and conditions of
 12 those tenancies, shall be determined by the
 13 public housing agency, except that—

14 “(I) rent for a unit shall be in an
 15 amount that is equal to not less than
 16 the costs to operate the unit;

17 “(II) if an eligible family applies
 18 for residence after an over-income fam-
 19 ily moves in to the last available unit,
 20 the over-income family shall vacate the
 21 unit not later than the date on which
 22 the month term expires; and

23 “(III) if a unit is vacant and
 24 there is no one on the waiting list, the
 25 public housing agency may allow an

1 *over-income family to gain immediate*
 2 *occupancy in the unit, while simulta-*
 3 *neously providing reasonable public*
 4 *notice of the availability of the unit.*

5 “(E) *ENCOURAGEMENT OF SELF-SUFFI-*
 6 *CIENCY.—Each public housing agency shall de-*
 7 *velop a rental policy that encourages and re-*
 8 *wards employment and economic self-suffi-*
 9 *ciency.*”.

10 (c) *REGULATIONS.—*

11 (1) *IN GENERAL.—The Secretary shall, by regu-*
 12 *lation, after notice and an opportunity for public*
 13 *comment, establish such requirements as may be nec-*
 14 *essary to carry out section 3(a)(2)(A) of the United*
 15 *States Housing Act of 1937, as amended by this sec-*
 16 *tion.*

17 (2) *TRANSITION RULE.—Prior to the issuance of*
 18 *final regulations under paragraph (1), a public hous-*
 19 *ing agency may implement ceiling rents, which shall*
 20 *be—*

21 (A) *determined in accordance with section*
 22 *3(a)(2)(A) of the United States Housing Act of*
 23 *1937 (amended by subsection (b) of this section);*

24 (B) *equal to the 95th percentile of the rent*
 25 *paid for a unit of comparable size by residents*

1 *in the same public housing project or a group of*
 2 *comparable projects totaling 50 units or more; or*
 3 (C) *equal to not more than the fair market*
 4 *rent for the area in which the unit is located.*

5 **SEC. 104. DEFINITIONS.**

6 (a) *DEFINITIONS.*—

7 (1) *SINGLE PERSONS.*—Section 3(b)(3) of the
 8 *United States Housing Act of 1937 (42 U.S.C.*
 9 *1437a(b)(3)) is amended—*

10 (A) *in subparagraph (A), by striking the*
 11 *third sentence; and*

12 (B) *in subparagraph (B), in the second sen-*
 13 *tence, by striking “regulations of the Secretary”*
 14 *and inserting “public housing agency plan”.*

15 (2) *ADJUSTED INCOME.*—Section 3(b)(5) of the
 16 *United States Housing Act of 1937 (42 U.S.C.*
 17 *1437a(b)(5)) is amended to read as follows:*

18 “(5) *ADJUSTED INCOME.*—The term ‘adjusted in-
 19 *come’ means the income that remains after exclud-*
 20 *ing—*

21 “(A) *\$480 for each member of the family re-*
 22 *siding in the household (other than the head of*
 23 *the household or the spouse of the head of the*
 24 *household)—*

25 “(i) *who is under 18 years of age; or*

1 “(ii) *who is—*

2 “(I) *18 years of age or older; and*

3 “(II) *a person with disabilities or*
4 *a full-time student;*

5 “(B) *\$400 for an elderly or disabled family;*

6 “(C) *the amount by which the aggregate*
7 *of—*

8 “(i) *medical expenses for an elderly or*
9 *disabled family; and*

10 “(ii) *reasonable attendant care and*
11 *auxiliary apparatus expenses for each fam-*
12 *ily member who is a person with disabil-*
13 *ities, to the extent necessary to enable any*
14 *member of the family (including a member*
15 *who is a person with disabilities) to be em-*
16 *ployed;*

17 *exceeds 3 percent of the annual income of the*
18 *family;*

19 “(D) *child care expenses, to the extent nec-*
20 *essary to enable another member of the family to*
21 *be employed or to further his or her education;*
22 *and*

23 “(E) *any other adjustments to earned in-*
24 *come that the public housing agency determines*

1 to be appropriate, as provided in the public
2 housing agency plan.”.

3 (b) *DISALLOWANCE OF EARNED INCOME FROM PUBLIC*
4 *HOUSING RENT DETERMINATIONS.*—

5 (1) *IN GENERAL.*—Section 3 of the United States
6 *Housing Act of 1937 (42 U.S.C. 1437a) is amended—*

7 (A) *by striking the undesignated paragraph*
8 *at the end of subsection (c)(3) (as added by sec-*
9 *tion 515(b) of the Cranston-Gonzalez National*
10 *Affordable Housing Act); and*

11 (B) *by adding at the end the following:*

12 “(d) *DISALLOWANCE OF EARNED INCOME FROM PUB-*
13 *LIC HOUSING RENT DETERMINATIONS.*—

14 “(1) *IN GENERAL.*—Notwithstanding any other
15 *provision of law, the rent payable under subsection*
16 *(a) by a family—*

17 “(A) *that—*

18 “(i) *occupies a unit in a public hous-*
19 *ing project; or*

20 “(ii) *receives assistance under section*
21 *8; and*

22 “(B) *whose income increases as a result of*
23 *employment of a member of the family who was*
24 *previously unemployed for 1 or more years (in-*
25 *cluding a family whose income increases as a re-*

1 sult of the participation of a family member in
 2 any family self-sufficiency or other job training
 3 program);

4 may not be increased as a result of the increased in-
 5 come due to such employment during the 18-month
 6 period beginning on the date on which the employ-
 7 ment is commenced.

8 “(2) *PHASE-IN OF RATE INCREASES.*—After the
 9 expiration of the 18-month period referred to in para-
 10 graph (1), rent increases due to the continued employ-
 11 ment of the family member described in paragraph
 12 (1)(B) shall be phased in over a subsequent 3-year pe-
 13 riod.

14 “(3) *OVERALL LIMITATION.*—Rent payable under
 15 subsection (a) shall not exceed the amount determined
 16 under subsection (a).”.

17 (2) *APPLICABILITY OF AMENDMENT.*—

18 (A) *PUBLIC HOUSING.*—Notwithstanding
 19 the amendment made by paragraph (1), any
 20 resident of public housing participating in the
 21 program under the authority contained in the
 22 undesignated paragraph at the end of section
 23 3(c)(3) of the United States Housing Act of
 24 1937, as that section existed on the day before

1 *the date of enactment of this Act, shall be gov-*
 2 *erned by that authority after that date.*

3 (B) *SECTION 8.—The amendment made by*
 4 *paragraph (1) shall apply to tenant-based assist-*
 5 *ance provided under section 8 of the United*
 6 *States Housing Act of 1937, with funds appro-*
 7 *priated on or after October 1, 1997.*

8 (c) *DEFINITIONS OF TERMS USED IN REFERENCE TO*
 9 *PUBLIC HOUSING.—*

10 (1) *IN GENERAL.—Section 3(c) of the United*
 11 *States Housing Act of 1937 (42 U.S.C. 1437a(c)) is*
 12 *amended—*

13 (A) *in paragraph (1), by inserting “and of*
 14 *the fees and related costs normally involved in*
 15 *obtaining non-Federal financing and tax credits*
 16 *with or without private and nonprofit partners”*
 17 *after “carrying charges”; and*

18 (B) *in paragraph (2), in the first sentence,*
 19 *by striking “security personnel),” and all that*
 20 *follows through the period and inserting the fol-*
 21 *lowing: “security personnel), service coordina-*
 22 *tors, drug elimination activities, or financing in*
 23 *connection with a public housing project, includ-*
 24 *ing projects developed with non-Federal financ-*

1 *ing and tax credits, with or without private and*
 2 *nonprofit partners.”.*

3 (2) *TECHNICAL CORRECTION.*—*Section 622(c) of*
 4 *the Housing and Community Development Act of*
 5 *1992 (Public Law 102–550; 106 Stat. 3817) is*
 6 *amended by striking “‘project.’” and inserting*
 7 *“paragraph (3)”.*

8 (3) *NEW DEFINITIONS.*—*Section 3(c) of the Unit-*
 9 *ed States Housing Act of 1937 (42 U.S.C. 1437a(c))*
 10 *is amended by adding at the end the following:*

11 “(6) *PUBLIC HOUSING AGENCY PLAN.*—*The term*
 12 *‘public housing agency plan’ means the plan of the*
 13 *public housing agency prepared in accordance with*
 14 *section 5A.*

15 “(7) *DISABLED HOUSING.*—*The term ‘disabled*
 16 *housing’ means any public housing project, building,*
 17 *or portion of a project or building, that is designated*
 18 *by a public housing agency for occupancy exclusively*
 19 *by disabled persons or families.*

20 “(8) *ELDERLY HOUSING.*—*The term ‘elderly*
 21 *housing’ means any public housing project, building,*
 22 *or portion of a project or building, that is designated*
 23 *by a public housing agency exclusively for occupancy*
 24 *exclusively by elderly persons or families, including*
 25 *elderly disabled persons or families.*

1 “(9) *MIXED-FINANCE PROJECT*.—The term
2 ‘mixed-finance project’ means a public housing
3 project that meets the requirements of section 30.

4 “(10) *CAPITAL FUND*.—The term ‘Capital Fund’
5 means the fund established under section 9(c).

6 “(11) *OPERATING FUND*.—The term ‘Operating
7 Fund’ means the fund established under section
8 9(d).”.

9 **SEC. 105. CONTRIBUTIONS FOR LOWER INCOME HOUSING**
10 **PROJECTS.**

11 (a) *IN GENERAL*.—Section 5 of the United States
12 Housing Act of 1937 (42 U.S.C. 1437c) is amended by strik-
13 ing subsections (h) through (l).

14 (b) *CONFORMING AMENDMENTS*.—The United States
15 Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended—

16 (1) in section 21(d), by striking “section 5(h)
17 or”;

18 (2) in section 25(l)(1), by striking “and for sale
19 under section 5(h)”;

20 (3) in section 307, by striking “section 5(h)
21 and”.

22 **SEC. 106. PUBLIC HOUSING AGENCY PLAN.**

23 (a) *IN GENERAL*.—Title I of the United States Hous-
24 ing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by
25 inserting after section 5 the following:

1 **“SEC. 5A. PUBLIC HOUSING AGENCY PLANS.**

2 “(a) *5-YEAR PLAN.*—

3 “(1) *IN GENERAL.*—Subject to paragraph (2),
 4 not less than once every 5 fiscal years, each public
 5 housing agency shall submit to the Secretary a plan
 6 that includes, with respect to the 5 fiscal years imme-
 7 diately following the date on which the plan is sub-
 8 mitted—

9 “(A) a statement of the mission of the pub-
 10 lic housing agency for serving the needs of low-
 11 income and very low-income families in the ju-
 12 risdiction of the public housing agency during
 13 those fiscal years; and

14 “(B) a statement of the goals and objectives
 15 of the public housing agency that will enable the
 16 public housing agency to serve the needs identi-
 17 fied pursuant to subparagraph (A) during those
 18 fiscal years.

19 “(2) *INITIAL PLAN.*—The initial 5-year plan
 20 submitted by a public housing agency under this sub-
 21 section shall be submitted for the 5-year period begin-
 22 ning with the first fiscal year following the date of
 23 enactment of the Public Housing Reform and Respon-
 24 sibility Act of 1997 for which the public housing
 25 agency receives assistance under this Act.

26 “(b) *ANNUAL PLAN.*—

1 “(1) *IN GENERAL.*—*Each public housing agency*
 2 *shall submit to the Secretary a public housing agency*
 3 *plan under this subsection for each fiscal year for*
 4 *which the public housing agency receives assistance*
 5 *under sections 8(o) and 9.*

6 “(2) *UPDATES.*—*For each fiscal year after the*
 7 *initial submission of a plan under this section by a*
 8 *public housing agency, the public housing agency*
 9 *may comply with requirements for submission of a*
 10 *plan under this subsection by submitting an update*
 11 *of the plan for the fiscal year.*

12 “(c) *PROCEDURES.*—

13 “(1) *IN GENERAL.*—*The Secretary shall establish*
 14 *requirements and procedures for submission and re-*
 15 *view of plans, including requirements for timing and*
 16 *form of submission, and for the contents of those*
 17 *plans.*

18 “(2) *CONTENTS.*—*The procedures established*
 19 *under paragraph (1) shall provide that a public hous-*
 20 *ing agency shall—*

21 “(A) *consult with the resident advisory*
 22 *board established under subsection (e) in develop-*
 23 *ing the plan; and*

24 “(B) *ensure that the plan under this section*
 25 *is consistent with the applicable comprehensive*

1 *housing affordability strategy (or any consoli-*
2 *dated plan incorporating that strategy) for the*
3 *jurisdiction in which the public housing agency*
4 *is located, in accordance with title I of the Cran-*
5 *ston-Gonzalez National Affordable Housing Act*
6 *and contains a certification by the appropriate*
7 *State or local official that the plan meets the re-*
8 *quirements of this paragraph and a description*
9 *of the manner in which the applicable contents*
10 *of the public housing agency plan are consistent*
11 *with the comprehensive housing affordability*
12 *strategy.*

13 “(d) *CONTENTS.*—*An annual public housing agency*
14 *plan under this section for a public housing agency shall*
15 *contain the following information relating to the upcoming*
16 *fiscal year for which the assistance under this Act is to be*
17 *made available:*

18 “(1) *NEEDS.*—*A statement of the housing needs*
19 *of low-income and very low-income families residing*
20 *in the jurisdiction served by the public housing agen-*
21 *cy, and of other low-income and very low-income*
22 *families on the waiting list of the agency (including*
23 *housing needs of elderly families and disabled fami-*
24 *lies), and the means by which the public housing*

1 *agency intends, to the maximum extent practicable, to*
2 *address those needs.*

3 “(2) *FINANCIAL RESOURCES.*—*A statement of fi-*
4 *nancial resources available to the agency and the*
5 *planned uses of those resources.*

6 “(3) *ELIGIBILITY, SELECTION, AND ADMISSIONS*
7 *POLICIES.*—*A statement of the policies governing eli-*
8 *gibility, selection, admissions (including any pref-*
9 *erences), assignment, and occupancy of families with*
10 *respect to public housing dwelling units and housing*
11 *assistance under section 8(o).*

12 “(4) *RENT DETERMINATION.*—*A statement of the*
13 *policies of the public housing agency governing rents*
14 *charged for public housing dwelling units and rental*
15 *contributions of assisted families under section 8(o).*

16 “(5) *OPERATION AND MANAGEMENT.*—*A state-*
17 *ment of the rules, standards, and policies of the public*
18 *housing agency governing maintenance and manage-*
19 *ment of housing owned and operated by the public*
20 *housing agency, and management of the public hous-*
21 *ing agency and programs of the public housing agen-*
22 *cy.*

23 “(6) *GRIEVANCE PROCEDURE.*—*A statement of*
24 *the grievance procedures of the public housing agency.*

1 “(7) *CAPITAL IMPROVEMENTS.*—*With respect to*
 2 *public housing developments owned or operated by the*
 3 *public housing agency, a plan describing the capital*
 4 *improvements necessary to ensure long-term physical*
 5 *and social viability of the developments.*

6 “(8) *DEMOLITION AND DISPOSITION.*—*With re-*
 7 *spect to public housing developments owned or oper-*
 8 *ated by the public housing agency—*

9 “(A) *a description of any housing to be de-*
 10 *molished or disposed of; and*

11 “(B) *a timetable for that demolition or dis-*
 12 *position.*

13 “(9) *DESIGNATION OF HOUSING FOR ELDERLY*
 14 *AND DISABLED FAMILIES.*—*With respect to public*
 15 *housing developments owned or operated by the public*
 16 *housing agency, a description of any developments (or*
 17 *portions thereof) that the public housing agency has*
 18 *designated or will designate for occupancy by elderly*
 19 *and disabled families in accordance with section 7.*

20 “(10) *CONVERSION OF PUBLIC HOUSING.*—*With*
 21 *respect to public housing owned or operated by a pub-*
 22 *lic housing agency—*

23 “(A) *a description of any building or build-*
 24 *ings that the public housing agency is required*
 25 *to convert to tenant-based assistance under sec-*

1 *tion 31 or that the public housing agency volun-*
 2 *tarily converts under section 22;*

3 *“(B) an analysis of those buildings required*
 4 *under that section for conversion; and*

5 *“(C) a statement of the amount of grant*
 6 *amounts to be used for rental assistance or other*
 7 *housing assistance.*

8 *“(11) HOMEOWNERSHIP ACTIVITIES.—A descrip-*
 9 *tion of any homeownership programs of the public*
 10 *housing agency and the requirements for participa-*
 11 *tion in and the assistance available under those pro-*
 12 *grams.*

13 *“(12) ECONOMIC SELF-SUFFICIENCY AND CO-*
 14 *ORDINATION WITH WELFARE AND OTHER APPRO-*
 15 *PRIATE AGENCIES.—A description of—*

16 *“(A) any programs relating to services and*
 17 *amenities provided or offered to assisted families;*

18 *“(B) any policies or programs of the public*
 19 *housing agency for the enhancement of the eco-*
 20 *nomie and social self-sufficiency of assisted fami-*
 21 *lies; and*

22 *“(C) how the public housing agency will*
 23 *comply with the requirements of subsections (c)*
 24 *and (d) of section 12.*

1 “(13) *SAFETY AND CRIME PREVENTION.*—A de-
 2 scription of policies established by the public housing
 3 agency that increase or maintain the safety of public
 4 housing residents.

5 “(14) *CERTIFICATION.*—An annual certification
 6 by the public housing agency that the public housing
 7 agency will carry out the public housing agency plan
 8 in conformity with title VI of the Civil Rights Act of
 9 1964, the Fair Housing Act, section 504 of the Reha-
 10 bilitation Act of 1973, and title II of the Americans
 11 with Disabilities Act of 1990, and will affirmatively
 12 further the goal of fair housing.

13 “(15) *ANNUAL AUDIT.*—The results of the most
 14 recent fiscal year audit of the public housing agency.

15 “(e) *RESIDENT ADVISORY BOARD.*—

16 “(1) *IN GENERAL.*—Except as provided in para-
 17 graph (3), each public housing agency shall establish
 18 1 or more resident advisory boards in accordance
 19 with this subsection, the membership of which shall
 20 adequately reflect and represent the residents of the
 21 dwelling units owned, operated, or assisted by the
 22 public housing agency.

23 “(2) *PURPOSE.*—Each resident advisory board
 24 established under this subsection shall assist and
 25 make recommendations regarding the development of

1 *the public housing agency plan. The public housing*
 2 *agency shall consider the recommendations of the resi-*
 3 *dent advisory boards in preparing the final public*
 4 *housing agency plan, and shall include a copy of*
 5 *those recommendations in the public housing agency*
 6 *plan submitted to the Secretary under this section.*

7 “(3) *WAIVER.—The Secretary may waive the re-*
 8 *quirements of this subsection with respect to the estab-*
 9 *lishment of resident advisory boards, if the public*
 10 *housing agency demonstrates to the satisfaction of the*
 11 *Secretary that there exists a resident council or other*
 12 *resident organization of the public housing agency*
 13 *that—*

14 “(A) *adequately represents the interests of*
 15 *the residents of the public housing agency; and*

16 “(B) *has the ability to perform the func-*
 17 *tions described in paragraph (2).*

18 “(f) *PUBLICATION OF NOTICE.—*

19 “(1) *IN GENERAL.—Not later than 45 days be-*
 20 *fore the date of a hearing conducted under paragraph*
 21 *(2) by the governing body of a public housing agency,*
 22 *the public housing agency shall publish a notice in-*
 23 *forming the public that—*

24 “(A) *the proposed public housing agency*
 25 *plan is available for inspection at the principal*

1 *office of the public housing agency during nor-*
 2 *mal business hours; and*

3 “(B) *a public hearing will be conducted to*
 4 *discuss the public housing agency plan and to*
 5 *invite public comment regarding that plan.*

6 “(2) *PUBLIC HEARING.—Each public housing*
 7 *agency shall, at a location that is convenient to resi-*
 8 *dents, conduct a public hearing, as provided in the*
 9 *notice published under paragraph (1).*

10 “(3) *ADOPTION OF PLAN.—After conducting the*
 11 *public hearing under paragraph (2), and after con-*
 12 *sidering all public comments received and, in con-*
 13 *sultation with the resident advisory board, making*
 14 *any appropriate changes in the public housing agency*
 15 *plan, the public housing agency shall—*

16 “(A) *adopt the public housing agency plan;*
 17 *and*

18 “(B) *submit the plan to the Secretary in ac-*
 19 *cordance with this section.*

20 “(g) *AMENDMENTS AND MODIFICATIONS TO PLANS.—*

21 “(1) *IN GENERAL.—Except as provided in para-*
 22 *graph (2), nothing in this section shall preclude a*
 23 *public housing agency, after submitting a plan to the*
 24 *Secretary in accordance with this section, from*
 25 *amending or modifying any policy, rule, regulation,*

1 or plan of the public housing agency, except that no
 2 such significant amendment or modification may be
 3 adopted or implemented—

4 “(A) other than at a duly called meeting of
 5 commissioners (or other comparable governing
 6 body) of the public housing agency that is open
 7 to the public; and

8 “(B) until notification of the amendment or
 9 modification is provided to the Secretary and
 10 approved in accordance with subsection (h)(2).

11 “(2) *CONSISTENCY.*—Each significant amend-
 12 ment or modification to a public housing agency plan
 13 submitted to the Secretary under this section shall—

14 “(A) meet the consistency requirement of
 15 subsection (c)(2);

16 “(B) be subject to the notice and public
 17 hearing requirements of subsection (f); and

18 “(C) be subject to approval by the Secretary
 19 in accordance with subsection (h)(2).

20 “(h) *TIMING OF PLANS.*—

21 “(1) *IN GENERAL.*—

22 “(A) *INITIAL SUBMISSION.*—Each public
 23 housing agency shall submit the initial plan re-
 24 quired by this section, and any amendment or
 25 modification to the initial plan, to the Secretary

1 *at such time and in such form as the Secretary*
2 *shall require.*

3 “(B) *ANNUAL SUBMISSION.*—*Not later than*
4 *60 days prior to the start of the fiscal year of*
5 *the public housing agency, after initial submis-*
6 *sion of the plan required by this section in ac-*
7 *cordance with subparagraph (A), each public*
8 *housing agency shall annually submit to the Sec-*
9 *retary a plan update, including any amend-*
10 *ments or modifications to the public housing*
11 *agency plan.*

12 “(2) *REVIEW AND APPROVAL.*—

13 “(A) *REVIEW.*—*After submission of the pub-*
14 *lic housing agency plan or any amendment or*
15 *modification to the plan to the Secretary, to the*
16 *extent that the Secretary considers such action to*
17 *be necessary to make determinations under this*
18 *subparagraph, the Secretary shall review the*
19 *public housing agency plan (including any*
20 *amendments or modifications thereto) to deter-*
21 *mine whether the contents of the plan—*

22 “(i) *set forth the information required*
23 *by this section to be contained in a public*
24 *housing agency plan;*

1 “(ii) are consistent with information
2 and data available to the Secretary; and

3 “(iii) are prohibited by or inconsistent
4 with any provision of this title or other ap-
5 plicable law.

6 “(B) APPROVAL.—

7 “(i) IN GENERAL.—Except as provided
8 in paragraph (3)(B), not later than 60 days
9 after the date on which a public housing
10 agency plan is submitted in accordance
11 with this section (or, with respect to the ini-
12 tial provision of notice under this subpara-
13 graph, not later than 75 days after the date
14 on which the initial public housing agency
15 plan is submitted in accordance with this
16 section), the Secretary shall provide written
17 notice to the public housing agency if the
18 plan has been disapproved, stating with
19 specificity the reasons for the disapproval.

20 “(ii) FAILURE TO PROVIDE NOTICE OF
21 DISAPPROVAL.—If the Secretary does not
22 provide notice of disapproval under clause
23 (i) before the expiration of the period de-
24 scribed in clause (i), the public housing

1 *agency plan shall be deemed to be approved*
 2 *by the Secretary.*

3 “(3) *SECRETARIAL DISCRETION.*—

4 “(A) *IN GENERAL.*—*The Secretary may re-*
 5 *quire such additional information as the Sec-*
 6 *retary determines to be appropriate for each*
 7 *public housing agency that is—*

8 “(i) *at risk of being designated as trou-*
 9 *bled under section 6(j); or*

10 “(ii) *designated as troubled under sec-*
 11 *tion 6(j).*

12 “(B) *TROUBLED AGENCIES.*—*The Secretary*
 13 *shall provide explicit written approval or dis-*
 14 *approval, in a timely manner, for a public hous-*
 15 *ing agency plan submitted by any public hous-*
 16 *ing agency designated by the Secretary as a*
 17 *troubled public housing agency under section*
 18 *6(j).*

19 “(C) *ADVISORY BOARD CONSULTATION EN-*
 20 *FORCEMENT.*—*Following a written request by the*
 21 *resident advisory board that documents a failure*
 22 *on the part of the public housing agency to pro-*
 23 *vide adequate notice and opportunity for com-*
 24 *ment under subsection (f), and upon a Secretar-*
 25 *ial finding of good cause within the time period*

provided for in paragraph (2)(B) of this subsection, the Secretary may require the public housing agency to adequately remedy that failure prior to a final approval of the public housing agency plan under this section.

“(4) *STREAMLINED PLAN.*—In carrying out this section, the Secretary may establish a streamlined public housing agency plan for—

“(A) public housing agencies that are determined by the Secretary to be high performing public housing agencies;

“(B) public housing agencies with less than 250 public housing units that have not been designated as troubled under section 6(j); and

“(C) public housing agencies that only administer tenant-based assistance and that do not own or operate public housing.”.

(b) *IMPLEMENTATION.*—

(1) *INTERIM RULE.*—Not later than 120 days after the date of enactment of this Act, the Secretary shall issue an interim rule to require the submission of an interim public housing agency plan by each public housing agency, as required by section 5A of the United States Housing Act of 1937 (as added by subsection (a) of this section).

1 (2) *FINAL REGULATIONS.*—Not later than 1 year
 2 after the date of enactment of this Act, in accordance
 3 with the negotiated rulemaking procedures set forth in
 4 subchapter III of chapter 5 of title 5, United States
 5 Code, the Secretary shall promulgate final regulations
 6 implementing section 5A of the United States Hous-
 7 ing Act of 1937 (as added by subsection (a) of this
 8 section).

9 (c) *AUDIT AND REVIEW; REPORT.*—

10 (1) *AUDIT AND REVIEW.*—Not later than 1 year
 11 after the effective date of final regulations promul-
 12 gated under subsection (b)(2), in order to determine
 13 the degree of compliance with public housing agency
 14 plans approved under section 5A of the United States
 15 Housing Act of 1937 (as added by subsection (a) of
 16 this section) by public housing agencies, the Comp-
 17 troller General of the United States shall conduct—

18 (A) a review of a representative sample of
 19 the public housing agency plans approved under
 20 such section 5A before that date; and

21 (B) an audit and review of the public hous-
 22 ing agencies submitting those plans.

23 (2) *REPORT.*—Not later than 2 years after the
 24 date on which public housing agency plans are ini-
 25 tially required to be submitted under section 5A of the

1 *United States Housing Act of 1937 (as added by sub-*
 2 *section (a) of this section) the Comptroller General of*
 3 *the United States shall submit to Congress a report,*
 4 *which shall include—*

5 *(A) a description of the results of each audit*
 6 *and review under paragraph (1); and*

7 *(B) any recommendations for increasing*
 8 *compliance by public housing agencies with their*
 9 *public housing agency plans approved under sec-*
 10 *tion 5A of the United States Housing Act of*
 11 *1937 (as added by subsection (a) of this section).*

12 **SEC. 107. CONTRACT PROVISIONS AND REQUIREMENTS.**

13 *(a) CONDITIONS.—Section 6(a) of the United States*
 14 *Housing Act of 1937 (42 U.S.C. 1437d(a)) is amended—*

15 *(1) in the first sentence, by inserting “, in a*
 16 *manner consistent with the public housing agency*
 17 *plan” before the period; and*

18 *(2) by striking the second sentence.*

19 *(b) REPEAL OF FEDERAL PREFERENCES; REVISION OF*
 20 *MAXIMUM INCOME LIMITS; CERTIFICATION OF COMPLIANCE*
 21 *WITH REQUIREMENTS; NOTIFICATION OF ELIGIBILITY.—*

22 *Section 6(c) of the United States Housing Act of 1937 (42*
 23 *U.S.C. 1437d(c)) is amended to read as follows:*

24 *“(c) [Reserved.]”.*

1 (c) *EXCESS FUNDS*.—Section 6(e) of the United States
 2 Housing Act of 1937 (42 U.S.C. 1437d(e)) is amended to
 3 read as follows:

4 “(e) [Reserved.]”.

5 (d) *PERFORMANCE INDICATORS FOR PUBLIC HOUSING*
 6 *AGENCIES*.—Section 6(j) of the United States Housing Act
 7 of 1937 (42 U.S.C. 1437d(j)) is amended—

8 (1) in paragraph (1)—

9 (A) in subparagraph (B)—

10 (i) by striking “obligated” and insert-
 11 ing “provided”; and

12 (ii) by striking “unexpended” and in-
 13 serting “unobligated by the public housing
 14 agency”;

15 (B) in subparagraph (D), by striking “en-
 16 ergy” and inserting “utility”;

17 (C) by redesignating subparagraph (H) as
 18 subparagraph (J); and

19 (D) by inserting after subparagraph (G) the
 20 following:

21 “(H) The extent to which the public housing
 22 agency—

23 “(i) coordinates, promotes, or provides
 24 effective programs and activities to promote

1 *the economic self-sufficiency of public hous-*
 2 *ing residents; and*

3 “(ii) provides public housing residents
 4 with opportunities for involvement in the
 5 administration of the public housing.

6 “(I) The extent to which the public housing
 7 agency implements—

8 “(i) effective screening and eviction
 9 policies; and

10 “(ii) other anticrime strategies;
 11 including the extent to which the public housing
 12 agency coordinates with local government offi-
 13 cials and residents in the development and im-
 14 plementation of these strategies.

15 “(J) The extent to which the public housing
 16 agency is providing acceptable basic housing
 17 conditions.

18 “(K) The extent to which the public housing
 19 agency successfully meets the goals and carries
 20 out the activities and programs of the public
 21 housing agency plan under section 5(A).”; and

22 (2) in paragraph (2)(A)(i), by inserting after the
 23 first sentence the following: “The Secretary may use
 24 a simplified set of indicators for public housing agen-
 25 cies with less than 250 public housing units.”.

1 (e) *DRUG-RELATED AND CRIMINAL ACTIVITY*.—Section
 2 tion 6(k) of the United States Housing Act of 1937 (42
 3 U.S.C. 1437d(k)) is amended, in the matter following para-
 4 graph (6)—

5 (1) by striking “drug-related” and inserting
 6 “violent or drug-related”; and

7 (2) by inserting “or any activity resulting in a
 8 felony conviction,” after “on or off such premises,”.

9 (f) *LEASES*.—Section 6(l) of the United States Hous-
 10 ing Act of 1937 (42 U.S.C. 1437d(l)) is amended—

11 (1) in paragraph (3), by striking “not be less
 12 than” and all that follows through the end of para-
 13 graph (3) and inserting: “be the period of time re-
 14 quired under State or local law, except that the public
 15 housing agency may provide such notice within a rea-
 16 sonable time which does not exceed the lesser of—

17 “(A) the period provided under applicable
 18 State or local law; or

19 “(B) 30 days—

20 “(i) if the health or safety of other ten-
 21 ants, public housing agency employees, or
 22 persons residing in the immediate vicinity
 23 of the premises is threatened; or

1 “(ii) in the event of any drug-related
2 or violent criminal activity or any felony
3 conviction;”;

4 (2) in paragraph (6), by striking “and” at the
5 end;

6 (3) by redesignating paragraph (7) as para-
7 graph (8); and

8 (4) by inserting after paragraph (6) following:

9 “(7) provide that any occupancy in violation of
10 section 7(e)(1) or the furnishing of any false or mis-
11 leading information pursuant to section 7(e)(2) shall
12 be cause for termination of tenancy; and”.

13 (g) *PUBLIC HOUSING ASSISTANCE TO FOSTER CARE*
14 *CHILDREN.*—Section 6(o) of the United States Housing Act
15 of 1937 (42 U.S.C. 1437d(o)) is amended by striking “Sub-
16 ject” and all that follows through “, in” and inserting “In”.

17 (h) *PREFERENCE FOR AREAS WITH INADEQUATE SUP-*
18 *PLY OF VERY LOW-INCOME HOUSING.*—Section 6(p) of the
19 United States Housing Act of 1937 (42 U.S.C. 1437d(p))
20 is amended to read as follows:

21 “(p) [Reserved.]”.

22 (i) *TRANSITION RULE RELATING TO PREFERENCES.*—
23 During the period beginning on the date of enactment of
24 this Act and ending on the date on which the initial public
25 housing agency plan of a public housing agency is approved

1 *under section 5A of the United States Housing Act of 1937*
 2 *(as added by this Act) the public housing agency may estab-*
 3 *lish local preferences for making available public housing*
 4 *under the United States Housing Act of 1937 and for pro-*
 5 *viding tenant-based assistance under section 8 of that Act.*

6 **SEC. 108. EXPANSION OF POWERS FOR DEALING WITH**
 7 **PHA'S IN SUBSTANTIAL DEFAULT.**

8 *(a) IN GENERAL.—Section 6(j)(3) of the United States*
 9 *Housing Act of 1937 (42 U.S.C. 1437d) is amended—*

10 *(1) in subparagraph (A)—*

11 *(A) by striking clause (i) and inserting the*
 12 *following:*

13 *“(i) solicit competitive proposals from*
 14 *other public housing agencies and private*
 15 *housing management agents that, in the*
 16 *discretion of the Secretary, may be selected*
 17 *by existing public housing residents through*
 18 *administrative procedures established by the*
 19 *Secretary; if appropriate, these proposals*
 20 *shall provide for such agents to manage all,*
 21 *or part, of the housing administered by the*
 22 *public housing agency or all or part of the*
 23 *other programs of the agency;”;*

24 *(B) by striking clause (iv) and inserting the*
 25 *following:*

1 “(v) require the agency to make other
 2 arrangements acceptable to the Secretary
 3 and in the best interests of the public hous-
 4 ing residents and families assisted under
 5 section 8 for managing all, or part, of the
 6 public housing administered by the agency
 7 or of the programs of the agency.”; and

8 (C) by inserting after clause (iii) the follow-
 9 ing:

10 “(iv) take possession of all or part of
 11 the public housing agency, including all or
 12 part of any project or program of the agen-
 13 cy, including any project or program under
 14 any other provision of this title; and”; and

15 (2) by striking subparagraphs (B) through (D)
 16 and inserting the following:

17 “(B)(i) If a public housing agency is identi-
 18 fied as troubled under this subsection, the Sec-
 19 retary shall notify the agency of the troubled sta-
 20 tus of the agency.

21 “(ii)(I) Upon the expiration of the 1-year
 22 period beginning on the later of the date on
 23 which the agency receives notice from the Sec-
 24 retary of the troubled status of the agency under
 25 clause (i) and the date of enactment of the Public

1 *Housing Reform and Responsibility Act of 1997,*
2 *the Secretary shall—*

3 “(aa) *in the case of a troubled public*
4 *housing agency with 1,250 or more units,*
5 *petition for the appointment of a receiver*
6 *pursuant to subparagraph (A)(ii); or*

7 “(bb) *in the case of a troubled public*
8 *housing agency with fewer than 1,250 units,*
9 *either petition for the appointment of a re-*
10 *ceiver pursuant to subparagraph (A)(ii), or*
11 *take possession of the public housing agency*
12 *(including all or part of any project or pro-*
13 *gram of the agency) pursuant to subpara-*
14 *graph (A)(iv) and appoint, on a competi-*
15 *tive or noncompetitive basis, an individual*
16 *or entity as an administrative receiver to*
17 *assume the responsibilities of the Secretary*
18 *for the administration of all or part of the*
19 *public housing agency (including all or*
20 *part of any project or program of the agen-*
21 *cy).*

22 “(II) *During the period between the date on*
23 *which a petition is filed under item (aa) and the*
24 *date on which a receiver assumes responsibility*
25 *for the management of the public housing agency*

1 *under that item, the Secretary may take posses-*
 2 *sion of the public housing agency (including all*
 3 *or part of any project or program of the agency)*
 4 *pursuant to subparagraph (A)(iv) and may ap-*
 5 *point, on a competitive or noncompetitive basis,*
 6 *an individual or entity as an administrative re-*
 7 *ceiver to assume the responsibilities of the Sec-*
 8 *retary for the administration of all or part of the*
 9 *public housing agency (including all or part of*
 10 *any project or program of the agency).*

11 *“(C) If a receiver is appointed pursuant to*
 12 *subparagraph (A)(ii), in addition to the powers*
 13 *accorded by the court appointing the receiver, the*
 14 *receiver—*

15 *“(i) may abrogate any contract to*
 16 *which the United States or an agency of the*
 17 *United States is not a party that, in the re-*
 18 *ceiver’s written determination (which shall*
 19 *include the basis for such determination),*
 20 *substantially impedes correction of the sub-*
 21 *stantial default, but only after the receiver*
 22 *determines that reasonable efforts to renego-*
 23 *tiate such contract have failed;*

24 *“(ii) may demolish and dispose of all*
 25 *or part of the assets of the public housing*

1 *agency (including all or part of any project*
2 *of the agency) in accordance with section*
3 *18, including disposition by transfer of*
4 *properties to resident-supported nonprofit*
5 *entities;*

6 *“(iii) if determined to be appropriate*
7 *by the Secretary, may seek the establish-*
8 *ment, as permitted by applicable State and*
9 *local law, of 1 or more new public housing*
10 *agencies;*

11 *“(iv) if determined to be appropriate*
12 *by the Secretary, may seek consolidation of*
13 *all or part of the agency (including all or*
14 *part of any project or program of the agen-*
15 *cy), as permitted by applicable State and*
16 *local laws, into other well-managed public*
17 *housing agencies with the consent of such*
18 *well-managed agencies; and*

19 *“(v) shall not be required to comply*
20 *with any State or local law relating to civil*
21 *service requirements, employee rights (ex-*
22 *cept civil rights), procurement, or financial*
23 *or administrative controls that, in the re-*
24 *ceiver’s written determination (which shall*
25 *include the basis for such determination),*

1 *substantially impedes correction of the sub-*
2 *stantial default.*

3 “(D)(i) *If the Secretary takes possession of*
4 *all or part of the public housing agency, includ-*
5 *ing all or part of any project or program of the*
6 *agency, pursuant to subparagraph (A)(iv), the*
7 *Secretary—*

8 “(I) *may abrogate any contract to*
9 *which the United States or an agency of the*
10 *United States is not a party that, in the*
11 *written determination of the Secretary*
12 *(which shall include the basis for such deter-*
13 *mination), substantially impedes correction*
14 *of the substantial default, but only after the*
15 *Secretary determines that reasonable efforts*
16 *to renegotiate such contract have failed;*

17 “(II) *may demolish and dispose of all*
18 *or part of the assets of the public housing*
19 *agency (including all or part of any project*
20 *of the agency) in accordance with section*
21 *18, including disposition by transfer of*
22 *properties to resident-supported nonprofit*
23 *entities;*

24 “(III) *may seek the establishment, as*
25 *permitted by applicable State and local*

1 *law, of 1 or more new public housing agen-*
2 *cies;*

3 *“(IV) may seek consolidation of all or*
4 *part of the agency (including all or part of*
5 *any project or program of the agency), as*
6 *permitted by applicable State and local*
7 *laws, into other well-managed public hous-*
8 *ing agencies with the consent of such well-*
9 *managed agencies;*

10 *“(V) shall not be required to comply*
11 *with any State or local law relating to civil*
12 *service requirements, employee rights (ex-*
13 *cept civil rights), procurement, or financial*
14 *or administrative controls that, in the Sec-*
15 *retary’s written determination (which shall*
16 *include the basis for such determination),*
17 *substantially impedes correction of the sub-*
18 *stantial default; and*

19 *“(VI) shall, without any action by a*
20 *district court of the United States, have*
21 *such additional authority as a district court*
22 *of the United States would have the author-*
23 *ity to confer upon a receiver to achieve the*
24 *purposes of the receivership.*

1 “(ii) If the Secretary, pursuant to subpara-
 2 graph (B)(ii)(II), appoints an administrative re-
 3 ceiver to assume the responsibilities of the Sec-
 4 retary for the administration of all or part of the
 5 public housing agency (including all or part of
 6 any project or program of the agency), the Sec-
 7 retary may delegate to the administrative re-
 8 ceiver any or all of the powers given the Sec-
 9 retary by this subparagraph, as the Secretary de-
 10 termines to be appropriate.

11 “(iii) Regardless of any delegation under
 12 this subparagraph, an administrative receiver
 13 may not seek the establishment of 1 or more new
 14 public housing agencies pursuant to clause
 15 (i)(III) or the consolidation of all or part of an
 16 agency into other well-managed agencies pursu-
 17 ant to clause (i)(IV), unless the Secretary first
 18 approves an application by the administrative
 19 receiver to authorize such action.

20 “(E) The Secretary may make available to
 21 receivers and other entities selected or appointed
 22 pursuant to this paragraph such assistance as
 23 the Secretary determines in the discretion of the
 24 Secretary is necessary and available to remedy
 25 the substantial deterioration of living conditions

1 *in individual public housing developments or*
2 *other related emergencies that endanger the*
3 *health, safety, and welfare of public housing resi-*
4 *dents or families assisted under section 8. A de-*
5 *cision made by the Secretary under this para-*
6 *graph is not subject to review in any court of the*
7 *United States, or in any court of any State, ter-*
8 *ritory, or possession of the United States.*

9 *“(F) In any proceeding under subpara-*
10 *graph (A)(ii), upon a determination that a sub-*
11 *stantial default has occurred, and without regard*
12 *to the availability of alternative remedies, the*
13 *court shall appoint a receiver to conduct the af-*
14 *fairs of all or part of the public housing agency*
15 *in a manner consistent with this Act and in ac-*
16 *cordance with such further terms and conditions*
17 *as the court may provide. The receiver appointed*
18 *may be another public housing agency, a private*
19 *management corporation, or any other person or*
20 *appropriate entity. The court shall have power to*
21 *grant appropriate temporary or preliminary re-*
22 *lief pending final disposition of the petition by*
23 *the Secretary.*

24 *“(G) The appointment of a receiver pursu-*
25 *ant to this paragraph may be terminated, upon*

1 *the petition of any party, when the court deter-*
 2 *mines that all defaults have been cured or the*
 3 *public housing agency is capable again of dis-*
 4 *charging its duties.*

5 *“(H) If the Secretary (or an administrative*
 6 *receiver appointed by the Secretary) takes posses-*
 7 *sion of a public housing agency (including all or*
 8 *part of any project or program of the agency),*
 9 *or if a receiver is appointed by a court, the Sec-*
 10 *retary or receiver shall be deemed to be acting*
 11 *not in the official capacity of that person or en-*
 12 *tity, but rather in the capacity of the public*
 13 *housing agency, and any liability incurred, re-*
 14 *gardless of whether the incident giving rise to*
 15 *that liability occurred while the Secretary or re-*
 16 *ceiver was in possession of all or part of the pub-*
 17 *lic housing agency (including all or part of any*
 18 *project or program of the agency), shall be the li-*
 19 *ability of the public housing agency.”.*

20 *(b) APPLICABILITY.—The provisions of, and duties*
 21 *and authorities conferred or confirmed by, the amendments*
 22 *made by subsection (a) shall apply with respect to any ac-*
 23 *tion taken before, on, or after the effective date of this Act*
 24 *and shall apply to any receiver appointed for a public hous-*
 25 *ing agency before the date of enactment of this Act.*

1 (c) *TECHNICAL CORRECTION REGARDING APPLICABIL-*
 2 *ITY TO SECTION 8.*—Section 8(h) of the United States
 3 *Housing Act of 1937 is amended by inserting “(except as*
 4 *provided in section 6(j)(3))” after “6”.*

5 **SEC. 109. PUBLIC HOUSING SITE-BASED WAITING LISTS.**

6 Section 6 of the United States Housing Act of 1937
 7 *is amended by adding at the end the following:*

8 “(s) *SITE-BASED WAITING LISTS.*—

9 “(1) *IN GENERAL.*—A public housing agency
 10 *may establish, in accordance with guidelines estab-*
 11 *lished by the Secretary, procedures for maintaining*
 12 *waiting lists for admissions to public housing devel-*
 13 *opments of the agency, which may include a system*
 14 *under which applicants may apply directly at or oth-*
 15 *erwise designate the development or developments in*
 16 *which they seek to reside.*

17 “(2) *CIVIL RIGHTS.*—Any procedures established
 18 *under paragraph (1) shall comply with title VI of the*
 19 *Civil Rights Act of 1964, the Fair Housing Act, and*
 20 *other applicable civil rights laws.*

21 “(3) *NOTICE REQUIRED.*—Any system described
 22 *in paragraph (1) shall provide for the full disclosure*
 23 *by the public housing agency to each applicant of any*
 24 *option available to the applicant in the selection of*
 25 *the development in which to reside.”.*

1 **SEC. 110. PUBLIC HOUSING CAPITAL AND OPERATING**
 2 **FUNDS.**

3 (a) *IN GENERAL.*—Section 9 of the United States
 4 Housing Act of 1937 (42 U.S.C. 1437g) is amended to read
 5 as follows:

6 **“SEC. 9. PUBLIC HOUSING CAPITAL AND OPERATING**
 7 **FUNDS.**

8 “(a) *IN GENERAL.*—Except for assistance provided
 9 under section 8 of this Act or as otherwise provided in the
 10 Public Housing Reform and Responsibility Act of 1997, all
 11 programs under which assistance is provided for public
 12 housing under this Act on the day before October 1, 1998,
 13 shall be merged, as appropriate, into either—

14 “(1) the Capital Fund established under sub-
 15 section (c); or

16 “(2) the Operating Fund established under sub-
 17 section (d).

18 “(b) *USE OF EXISTING FUNDS.*—With the exception
 19 of funds made available pursuant to section 8 or section
 20 20(f) and funds made available for the urban revitalization
 21 demonstration program authorized under the Department
 22 of Veterans Affairs and Housing and Urban Development,
 23 and Independent Agencies Appropriations Acts—

24 “(1) funds made available to the Secretary for
 25 public housing purposes that have not been obligated
 26 by the Secretary to a public housing agency as of Oc-

1 *tober 1, 1998, shall be made available, for the period*
 2 *originally provided in law, for use in either the Cap-*
 3 *ital Fund or the Operating Fund, as appropriate;*
 4 *and*

5 *“(2) funds made available to the Secretary for*
 6 *public housing purposes that have been obligated by*
 7 *the Secretary to a public housing agency but that, as*
 8 *of October 1, 1998, have not been obligated by the*
 9 *public housing agency, may be made available by that*
 10 *public housing agency, for the period originally pro-*
 11 *vided in law, for use in either the Capital Fund or*
 12 *the Operating Fund, as appropriate.*

13 *“(c) CAPITAL FUND.—*

14 *“(1) IN GENERAL.—The Secretary shall establish*
 15 *a Capital Fund for the purpose of making assistance*
 16 *available to public housing agencies to carry out cap-*
 17 *ital and management activities, including—*

18 *“(A) the development and modernization of*
 19 *public housing projects, including the redesign,*
 20 *reconstruction, and reconfiguration of public*
 21 *housing sites and buildings and the development*
 22 *of mixed-finance projects;*

23 *“(B) vacancy reduction;*

24 *“(C) addressing deferred maintenance needs*
 25 *and the replacement of dwelling equipment;*

1 “(D) *planned code compliance;*

2 “(E) *management improvements;*

3 “(F) *demolition and replacement;*

4 “(G) *resident relocation;*

5 “(H) *capital expenditures to facilitate pro-*
6 *grams to improve the empowerment and eco-*
7 *nomie self-sufficiency of public housing residents*
8 *and to improve resident participation;*

9 “(I) *capital expenditures to improve the se-*
10 *curity and safety of residents; and*

11 “(J) *homeownership activities.*

12 “(2) *ESTABLISHMENT OF CAPITAL FUND FOR-*
13 *MULA.—The Secretary shall develop a formula for*
14 *providing assistance under the Capital Fund, which*
15 *may take into account—*

16 “(A) *the number of public housing dwelling*
17 *units owned or operated by the public housing*
18 *agency and the percentage of those units that are*
19 *occupied by very low-income families;*

20 “(B) *if applicable, the reduction in the*
21 *number of public housing units owned or oper-*
22 *ated by the public housing agency as a result of*
23 *any conversion to a system of tenant-based as-*
24 *sistance;*

1 “(C) *the costs to the public housing agency*
 2 *of meeting the rehabilitation and modernization*
 3 *needs, and meeting the reconstruction, develop-*
 4 *ment, replacement housing, and demolition needs*
 5 *of public housing dwelling units owned and op-*
 6 *erated by the public housing agency;*

7 “(D) *the degree of household poverty served*
 8 *by the public housing agency;*

9 “(E) *the costs to the public housing agency*
 10 *of providing a safe and secure environment in*
 11 *public housing units owned and operated by the*
 12 *public housing agency; and*

13 “(F) *the ability of the public housing agen-*
 14 *cy to effectively administer the Capital Fund*
 15 *distribution of the public housing agency.*

16 “(3) *CONDITION ON USE OF THE CAPITAL FUND*
 17 *FOR DEVELOPMENT AND MODERNIZATION.—*

18 “(A) *DEVELOPMENT.—Any public housing*
 19 *developed using amounts provided under this*
 20 *subsection shall be operated for a 40-year period*
 21 *under the terms and conditions applicable to*
 22 *public housing during that period, beginning on*
 23 *the date on which the development (or stage of*
 24 *development) becomes available for occupancy.*

1 “(B) *MODERNIZATION.*—Any public hous-
 2 ing, or portion thereof, that is modernized using
 3 amounts provided under this subsection shall be
 4 maintained and operated for a 20-year period
 5 under the terms and conditions applicable to
 6 public housing during that period, beginning on
 7 the latest date on which modernization is com-
 8 pleted.

9 “(C) *APPLICABILITY OF LATEST EXPIRATION*
 10 *DATE.*—Public housing subject to this paragraph
 11 or to any other provision of law mandating the
 12 operation of the housing as public housing or
 13 under the terms and conditions applicable to
 14 public housing for a specified length of time shall
 15 be maintained and operated as required until
 16 the latest expiration date.

17 “(d) *OPERATING FUND.*—

18 “(1) *IN GENERAL.*—The Secretary shall establish
 19 an Operating Fund for the purpose of making assist-
 20 ance available to public housing agencies for the oper-
 21 ation and management of public housing, includ-
 22 ing—

23 “(A) *procedures and systems to maintain*
 24 *and ensure the efficient management and oper-*
 25 *ation of public housing units;*

1 “(B) activities to ensure a program of rou-
2 tine preventative maintenance;

3 “(C) anticrime and antidrug activities, in-
4 cluding the costs of providing adequate security
5 for public housing residents;

6 “(D) activities related to the provision of
7 services, including service coordinators for elder-
8 ly persons or persons with disabilities;

9 “(E) activities to provide for management
10 and participation in the management and pol-
11 icymaking of public housing by public housing
12 residents;

13 “(F) the costs associated with the operation
14 and management of mixed-finance projects, to
15 the extent appropriate (including the funding of
16 an operating reserve to ensure affordability for
17 low-income and very low-income families in lieu
18 of the availability of operating funds for public
19 housing units in a mixed-finance project);

20 “(G) the reasonable costs of insurance;

21 “(H) the reasonable energy costs associated
22 with public housing units, with an emphasis on
23 energy conservation; and

1 “(I) the costs of administering a public
2 housing work program under section 12, includ-
3 ing the costs of any related insurance needs.

4 “(2) *ESTABLISHMENT OF OPERATING FUND FOR-*
5 *MULA.*—The Secretary shall establish a formula for
6 providing assistance under the Operating Fund,
7 which may take into account—

8 “(A) standards for the costs of operation
9 and reasonable projections of income, taking into
10 account the character and location of the public
11 housing project and characteristics of the fami-
12 lies served, or the costs of providing comparable
13 services as determined with criteria or a formula
14 representing the operations of a prototype well-
15 managed public housing project;

16 “(B) the number of public housing dwelling
17 units owned and operated by the public housing
18 agency, the percentage of those units that are oc-
19 cupied by very low-income families, and, if ap-
20 plicable, the reduction in the number of public
21 housing units as a result of any conversion to a
22 system of tenant-based assistance;

23 “(C) the degree of household poverty served
24 by a public housing agency;

1 “(D) the extent to which the public housing
2 agency provides programs and activities de-
3 signed to promote the economic self-sufficiency
4 and management skills of public housing resi-
5 dents;

6 “(E) the number of dwelling units owned
7 and operated by the public housing agency that
8 are chronically vacant and the amount of assist-
9 ance appropriate for those units;

10 “(F) the costs of the public housing agency
11 associated with anticrime and antidrug activi-
12 ties, including the costs of providing adequate se-
13 curity for public housing residents; and

14 “(G) the ability of the public housing agen-
15 cy to effectively administer the Operating Fund
16 distribution of the public housing agency.

17 “(e) *LIMITATIONS ON USE OF FUNDS.*—

18 “(1) *IN GENERAL.*—Each public housing agency
19 may use not more than 20 percent of the Capital
20 Fund distribution of the public housing agency for
21 activities that are eligible for assistance under the
22 Operating Fund under subsection (d), if the public
23 housing agency plan provides for such use.

24 “(2) *NEW CONSTRUCTION.*—

1 “(A) *IN GENERAL.*—A public housing agen-
2 cy may not use any of the Capital Fund or Op-
3 erating Fund distributions of the public housing
4 agency for the purpose of constructing any pub-
5 lic housing unit, if such construction would re-
6 sult in a net increase in the number of public
7 housing units owned or operated by the public
8 housing agency on the date of enactment of the
9 Public Housing Reform and Responsibility Act
10 of 1997, including any public housing units de-
11 molished as part of any revitalization effort.

12 “(B) *EXCEPTION.*—

13 “(i) *IN GENERAL.*—Notwithstanding
14 subparagraph (A), a public housing agency
15 may use the Capital Fund or Operating
16 Fund distributions of the public housing
17 agency for the construction and operation of
18 housing units that are available and afford-
19 able to low-income families in excess of the
20 limitations on new construction set forth in
21 subparagraph (A), except that the formulas
22 established under subsections (c)(2) and
23 (d)(2) shall not provide additional funding
24 for the specific purpose of allowing con-

struction and operation of housing in excess
of those limitations.

“(ii) *EXCEPTION.*—Notwithstanding
clause (i), subject to reasonable limitations
set by the Secretary, the formulae estab-
lished under subsections (c)(2) and (d)(2)
may provide additional funding for the op-
eration and modernization costs (but not
the initial development costs) of housing in
excess of amounts otherwise permitted under
this paragraph if—

“(I) those units are part of a
mixed-finance project or otherwise le-
verage significant additional private
or public investment; and

“(II) the estimated cost of the use-
ful life of the project is less than the es-
timated cost of providing tenant-based
assistance under section 8(o) for the
same period of time.

“(f) *DIRECT PROVISION OF OPERATING AND CAPITAL
ASSISTANCE.*—

“(1) *IN GENERAL.*—The Secretary shall directly
provide operating and capital assistance under this
section to a resident management corporation manag-

1 *ing a public housing development pursuant to a con-*
2 *tract under this section, but only if—*

3 *“(A) the resident management corporation*
4 *petitions the Secretary for the release of the*
5 *funds;*

6 *“(B) the contract provides for the resident*
7 *management corporation to assume the primary*
8 *management responsibilities of the public hous-*
9 *ing agency; and*

10 *“(C) the Secretary determines that the cor-*
11 *poration has the capability to effectively dis-*
12 *charge such responsibilities.*

13 *“(2) USE OF ASSISTANCE.—Any operating and*
14 *capital assistance provided to a resident management*
15 *corporation pursuant to this subsection shall be used*
16 *for purposes of operating the public housing develop-*
17 *ments of the agency and performing such other eligi-*
18 *ble activities with respect to public housing as may*
19 *be provided under the contract.*

20 *“(3) RESPONSIBILITY OF PUBLIC HOUSING AGEN-*
21 *CY.—If the Secretary provides direct funding to a*
22 *resident management corporation under this sub-*
23 *section, the public housing agency shall not be respon-*
24 *sible for the actions of the resident management cor-*
25 *poration.*

1 “(g) *TECHNICAL ASSISTANCE.*—*To the extent ap-*
 2 *proved in advance in appropriations Acts, the Secretary*
 3 *may make grants or enter into contracts in accordance with*
 4 *this subsection for purposes of providing, either directly or*
 5 *indirectly—*

6 “(1) *technical assistance to public housing agen-*
 7 *cies, resident councils, resident organizations, and*
 8 *resident management corporations, including assist-*
 9 *ance relating to monitoring and inspections;*

10 “(2) *training for public housing agency employ-*
 11 *ees and residents;*

12 “(3) *data collection and analysis; and*

13 “(4) *training, technical assistance, and edu-*
 14 *cation to assist public housing agencies that are—*

15 “(A) *at risk of being designated as troubled*
 16 *under section 6(j) from being so designated; and*

17 “(B) *designated as troubled under section*
 18 *6(j) in achieving the removal of that designation.*

19 “(h) *EMERGENCY RESERVE.*—

20 “(1) *IN GENERAL.*—

21 “(A) *SET-ASIDE.*—*In each fiscal year, the*
 22 *Secretary shall set aside not more than 2 percent*
 23 *of the amount made available for use under the*
 24 *capital fund to carry out this section for that fis-*

1 *cal year for use in accordance with this sub-*
2 *section.*

3 “(B) *USE OF FUNDS.*—*Amounts set aside*
4 *under this paragraph shall be available to the*
5 *Secretary for use in connection with—*

6 *“(i) emergencies and other disasters;*

7 *“(ii) housing needs resulting from any*
8 *settlement of litigation; and*

9 *“(iii) the Operation Safe Home pro-*
10 *gram, except that amounts set aside under*
11 *this clause may not exceed \$10,000,000 in*
12 *any fiscal year.*

13 “(2) *LIMITATION.*—*With respect to any fiscal*
14 *year, the Secretary may carry over not more than a*
15 *total of \$25,000,000 in unobligated amounts set aside*
16 *under this subsection for use in connection with the*
17 *activities described in paragraph (1)(B) during the*
18 *succeeding fiscal year.*

19 “(3) *REPORTS.*—*The Secretary and the Office of*
20 *Inspector General shall report to the Committee on*
21 *Banking, Housing, and Urban Affairs of the Senate*
22 *and the Committee on Banking and Financial Serv-*
23 *ices of the House of Representatives regarding the fea-*
24 *sibility of transferring the authority to administer the*
25 *program functions implemented to reduce violent*

1 *crime in public housing under Operation Safe Home*
 2 *to the Office of Public and Indian Housing or to the*
 3 *Department of Justice.*

4 “(4) *PUBLICATION.*—*The Secretary shall publish*
 5 *the use of any amounts allocated under this sub-*
 6 *section relating to emergencies (other disasters and*
 7 *housing needs resulting from any settlement of litiga-*
 8 *tion) in the Federal Register.*

9 “(i) *PENALTY FOR SLOW EXPENDITURE OF CAPITAL*
 10 *FUNDS.*—

11 “(1) *IN GENERAL.*—

12 “(A) *TIME PERIOD.*—*Except as provided in*
 13 *paragraph (2), and subject to subparagraph (B)*
 14 *of this paragraph, a public housing agency shall*
 15 *obligate any assistance received under this sec-*
 16 *tion not later than 18 months after the date on*
 17 *which the funds become available to the agency*
 18 *for obligation.*

19 “(B) *EXTENSION OF TIME PERIOD.*—*The*
 20 *Secretary may—*

21 “(i) *extend the time period described in*
 22 *subparagraph (A) for a period of not more*
 23 *than 1 year with respect to a public housing*
 24 *agency, if the Secretary determines that the*
 25 *failure of the public housing agency to obli-*

1 *gate assistance in a timely manner is at-*
 2 *tributable to events beyond the control of the*
 3 *public housing agency; and*

4 “(ii) *provide an exception to the re-*
 5 *quirements of subparagraph (A) with re-*
 6 *spect to any de minimis amounts to be obli-*
 7 *gated by a public housing agency with the*
 8 *funding for the subsequent fiscal year of the*
 9 *public housing agency, to the extent that the*
 10 *Secretary determines such action to be nec-*
 11 *essary to permit the public housing agency*
 12 *to accumulate sufficient funding—*

13 “(I) *to undertake certain activi-*
 14 *ties; and*

15 “(II) *to provide replacement hous-*
 16 *ing.*

17 “(C) *EFFECT OF FAILURE TO COMPLY.—*

18 “(i) *IN GENERAL.—A public housing*
 19 *agency shall not be awarded assistance*
 20 *under this section for any month during*
 21 *any fiscal year in which the public housing*
 22 *agency has funds unobligated in violation of*
 23 *subparagraph (A).*

24 “(ii) *EFFECT OF FAILURE TO COM-*
 25 *PLY.—During any fiscal year described in*

1 *clause (i), the Secretary shall withhold all*
 2 *assistance that would otherwise be provided*
 3 *to the public housing agency. If the public*
 4 *housing agency cures its default during the*
 5 *year, it shall be provided with the share at-*
 6 *tributable to the months remaining in the*
 7 *year.*

8 “(iii) *REDISTRIBUTION.*—*The total*
 9 *amount of any funds not provided public*
 10 *housing agencies by operation of this sub-*
 11 *paragraph shall be distributed to high-per-*
 12 *forming agencies, as determined under sec-*
 13 *tion 6(j).*

14 “(2) *EXCEPTION.*—

15 “(A) *IN GENERAL.*—*Subject to subpara-*
 16 *graph (B), if the Secretary has consented, before*
 17 *the date of enactment of the Public Housing Re-*
 18 *form and Responsibility Act of 1997, to an obli-*
 19 *gation period for any agency longer than pro-*
 20 *vided under paragraph (1)(A), a public housing*
 21 *agency that obligates its funds before the expira-*
 22 *tion of that period shall not be considered to be*
 23 *in violation of paragraph (1)(A).*

24 “(B) *FISCAL YEAR 1995.*—*Notwithstanding*
 25 *subparagraph (A)—*

1 “(i) any funds appropriated to a pub-
 2 lic housing agency for fiscal year 1995, or
 3 for any preceding fiscal year, shall be fully
 4 obligated by the public housing agency not
 5 later than September 30, 1998; and

6 “(ii) any funds appropriated to a pub-
 7 lic housing agency for fiscal year 1996 or
 8 1997 shall be fully obligated by the public
 9 housing agency not later than September
 10 30, 1999.

11 “(3) *EXPENDITURE OF AMOUNTS.*—

12 “(A) *IN GENERAL.*—A public housing agen-
 13 cy shall spend any assistance received under this
 14 section not later than 4 years (plus the period of
 15 any extension approved by the Secretary under
 16 paragraph (1)(B)) after the date on which funds
 17 become available to the agency for obligation.

18 “(B) *ENFORCEMENT.*—The Secretary shall
 19 enforce the requirement of subparagraph (A)
 20 through default remedies up to and including
 21 withdrawal of the funding.

22 “(4) *RIGHT OF RECAPTURE.*—Any obligation en-
 23 tered into by a public housing agency shall be subject
 24 to the right of the Secretary to recapture the obligated

1 *amounts for violation by the public housing agency of*
 2 *the requirements of this subsection.”.*

3 *(b) IMPLEMENTATION; EFFECTIVE DATE; TRANSITION*
 4 *PERIOD.—*

5 *(1) IMPLEMENTATION.—Not later than 1 year*
 6 *after the date of enactment of this Act, in accordance*
 7 *with the negotiated rulemaking procedures set forth in*
 8 *subchapter III of chapter 5 of title 5, United States*
 9 *Code, the Secretary shall establish the formulas de-*
 10 *scribed in subsections (c)(3) and (d)(2) of section 9 of*
 11 *the United States Housing Act of 1937, as amended*
 12 *by this section.*

13 *(2) EFFECTIVE DATE.—The formulas established*
 14 *under paragraph (1) shall be effective only with re-*
 15 *spect to amounts made available under section 9 of*
 16 *the United States Housing Act of 1937, as amended*
 17 *by this section, in fiscal year 1999 or in any succeed-*
 18 *ing fiscal year.*

19 *(3) TRANSITION PERIOD.—*

20 *(A) IN GENERAL.—Subject to subparagraph*
 21 *(B), prior to the effective date described in para-*
 22 *graph (2), the Secretary shall provide that each*
 23 *public housing agency shall receive funding*
 24 *under sections 9 and 14 of the United States*

1 *Housing Act of 1937, as those sections existed on*
 2 *the day before the date of enactment of this Act.*

3 (B) *QUALIFICATION.—If a public housing*
 4 *agency establishes a rental amount that is less*
 5 *than 30 percent of the monthly adjusted income*
 6 *of the family under section 3(a)(1)(A) of the*
 7 *United States Housing Act of 1937 (as amended*
 8 *by section 103(a) of this Act), the Secretary shall*
 9 *not take into account any reduction of or in-*
 10 *crease in the per unit dwelling rental income of*
 11 *the public housing agency resulting from the use*
 12 *of that rental amount in calculating the con-*
 13 *tributions for the public housing agency for the*
 14 *operation of the public housing under section 9*
 15 *of the United States Housing Act of 1937 (as in*
 16 *existence on the day before the date of enactment*
 17 *of this Act).*

18 **SEC. 111. COMMUNITY SERVICE AND SELF-SUFFICIENCY.**

19 *Section 12 of the United States Housing Act of 1937*
 20 *(42 U.S.C. 1437j) is amended by adding at the end the fol-*
 21 *lowing:*

22 “(c) *COMMUNITY SERVICE AND SELF-SUFFICIENCY*
 23 *REQUIREMENT.—*

1 “(1) *MINIMUM REQUIREMENT.*—Notwithstanding
2 any other provision of law, each adult member of each
3 family assisted under this title shall—

4 “(A) contribute not less than 8 hours per
5 month of community service (not to include any
6 political activity) within the community in
7 which that adult resides; or

8 “(B) participate in a self-sufficiency pro-
9 gram (as that term is defined in subsection
10 (d)(1)) for not less than 8 hours per month.

11 “(2) *INCLUSION IN PLAN.*—Each public housing
12 agency shall include in the public housing agency
13 plan a detailed description of the manner in which
14 the public housing agency intends to implement and
15 administer paragraph (1).

16 “(3) *EXEMPTIONS.*—The Secretary may provide
17 an exemption from paragraph (1) for any adult
18 who—

19 “(A) has attained age 62;

20 “(B) is a blind or disabled individual, as
21 defined under section 1614 of the Social Security
22 Act (42 U.S.C. 1382c) and who is unable to com-
23 ply with this section, or a primary caretaker of
24 that individual;

1 “(C) is engaged in a work activity (as that
2 term is defined in subsection (d)(1)(C)); or

3 “(D) meets the requirements for being ex-
4 empted from having to engage in a work activity
5 under the State program funded under part A of
6 title IV of the Social Security Act (42 U.S.C.
7 601 et seq.) or under any other welfare program
8 of the State in which the public housing agency
9 is located.

10 “(d) SELF-SUFFICIENCY.—

11 “(1) DEFINITIONS.—In this section—

12 “(A) the term ‘covered family’ means a fam-
13 ily that—

14 “(i) receives benefits for welfare or
15 public assistance from a State or other pub-
16 lic agency under a program for which the
17 Federal, State, or local law relating to the
18 program requires, as a condition of eligi-
19 bility for assistance under the program,
20 participation of a member of the family in
21 a self-sufficiency program; and

22 “(ii) resides in a public housing dwell-
23 ing unit or is provided tenant-based assist-
24 ance;

1 “(B) the term ‘self-sufficiency program’
 2 means any program designed to encourage, as-
 3 sist, train, or facilitate the economic independ-
 4 ence of participants and their families or to pro-
 5 vide work for participants, including programs
 6 for job training, employment counseling, work
 7 placement, basic skills training, education,
 8 workfare and apprenticeship; and

9 “(C) the term ‘work activities’ has the
 10 meaning given that term in section 407(d) of the
 11 Social Security Act (42 U.S.C. 607(d)) (as in ef-
 12 fect on and after July 1, 1997).

13 “(2) COMPLIANCE.—

14 “(A) SANCTIONS.—Notwithstanding any
 15 other provision of law, if the welfare or public
 16 assistance benefits of a covered family are re-
 17 duced under a Federal, State, or local law re-
 18 garding such an assistance program because of
 19 any failure of any member of the family to com-
 20 ply with the conditions under the assistance pro-
 21 gram requiring participation in a self-suffi-
 22 ciency program or a work activities requirement,
 23 or because of an act of fraud by any member of
 24 the family under the law or program, the
 25 amount required to be paid by the family as a

1 *monthly contribution toward rent may not be de-*
2 *creased, during the period of the reduction, as a*
3 *result of any decrease in the income of the family*
4 *(to the extent that the decrease in income is a re-*
5 *sult of the benefits reduction).*

6 “(B) *REVIEW.*—*Any covered family that is*
7 *affected by the operation of this paragraph shall*
8 *have the right to review the determination under*
9 *this paragraph through the administrative griev-*
10 *ance procedure for the public housing agency.*

11 “(C) *NOTICE.*—*Subparagraph (A) shall not*
12 *apply to any covered family before the public*
13 *housing agency providing assistance under this*
14 *Act on behalf of the family obtains written noti-*
15 *fication from the relevant welfare or public as-*
16 *sistance agency specifying that the family’s bene-*
17 *fits have been reduced because of noncompliance*
18 *with self-sufficiency program or an applicable*
19 *work activities requirement and the level of such*
20 *reduction.*

21 “(D) *NO APPLICATION OF REDUCTIONS*
22 *BASED ON TIME LIMIT FOR ASSISTANCE.*—*For*
23 *purposes of this paragraph, a reduction in bene-*
24 *fits as a result of the expiration of a lifetime*
25 *time limit for a family receiving welfare or pub-*

1 *lic assistance benefits shall not be considered to*
 2 *be a failure to comply with the conditions under*
 3 *the assistance program requiring participation*
 4 *in a self-sufficiency program or a work activities*
 5 *requirement.*

6 “(3) *OCCUPANCY RIGHTS.*—*This subsection may*
 7 *not be construed to authorize any public housing*
 8 *agency to limit the duration of tenancy in a public*
 9 *housing dwelling unit or of tenant-based assistance.*

10 “(4) *COOPERATION AGREEMENTS FOR SELF-SUF-*
 11 *FICIENCY ACTIVITIES.*—

12 “(A) *REQUIREMENT.*—*To the maximum ex-*
 13 *tent practicable, a public housing agency provid-*
 14 *ing public housing dwelling units or tenant-*
 15 *based assistance for covered families shall enter*
 16 *into such cooperation agreements, with State,*
 17 *local, and other agencies providing assistance to*
 18 *covered families under welfare or public assist-*
 19 *ance programs, as may be necessary, to provide*
 20 *for such agencies to transfer information to fa-*
 21 *cilitate administration of subsection (c) or para-*
 22 *graph (2) of this subsection, and other informa-*
 23 *tion regarding rents, income, and assistance that*
 24 *may assist a public housing agency or welfare*

1 *or public assistance agency in carrying out its*
 2 *functions.*

3 “(B) *CONTENTS.*—A public housing agency
 4 shall seek to include in a cooperation agreement
 5 under this paragraph requirements and provi-
 6 sions designed to target assistance under welfare
 7 and public assistance programs to families resid-
 8 ing in public and other assisted housing develop-
 9 ments, which may include providing for self-suf-
 10 ficiency services within such housing, providing
 11 for services designed to meet the unique employ-
 12 ment-related needs of residents of such housing,
 13 providing for placement of workfare positions
 14 on-site in such housing, and such other elements
 15 as may be appropriate.

16 “(C) *CONFIDENTIALITY.*—This paragraph
 17 may not be construed to authorize any release of
 18 information that is prohibited by, or in con-
 19 travention of, any other provision of Federal,
 20 State, or local law.”.

21 **SEC. 112. REPEAL OF ENERGY CONSERVATION; CONSORTIA**
 22 **AND JOINT VENTURES.**

23 Section 13 of the United States Housing Act of 1937
 24 (42 U.S.C. 1437k) is amended to read as follows:

1 **“SEC. 13. CONSORTIA, JOINT VENTURES, AFFILIATES, AND**
2 **SUBSIDIARIES OF PUBLIC HOUSING AGEN-**
3 **CIES.**

4 “(a) *CONSORTIA.*—

5 “(1) *IN GENERAL.*—Any 2 or more public hous-
6 ing agencies may participate in a consortium for the
7 purpose of administering any or all of the housing
8 programs of those public housing agencies in accord-
9 ance with this section.

10 “(2) *EFFECT.*—With respect to any consortium
11 described in paragraph (1)—

12 “(A) any assistance made available under
13 this title to each of the public housing agencies
14 participating in the consortium shall be paid to
15 the consortium; and

16 “(B) all planning and reporting require-
17 ments imposed upon each public housing agency
18 participating in the consortium with respect to
19 the programs operated by the consortium shall be
20 consolidated.

21 “(3) *RESTRICTIONS.*—

22 “(A) *AGREEMENT.*—Each consortium de-
23 scribed in paragraph (1) shall be formed and op-
24 erated in accordance with a consortium agree-
25 ment, and shall be subject to the requirements of
26 a joint public housing agency plan, which shall

1 *be submitted by the consortium in accordance*
 2 *with section 5A.*

3 “(B) *MINIMUM REQUIREMENTS.*—*The Sec-*
 4 *retary shall specify minimum requirements re-*
 5 *lating to the formation and operation of consor-*
 6 *tia and the minimum contents of consortium*
 7 *agreements under this paragraph.*

8 “(b) *JOINT VENTURES.*—

9 “(1) *IN GENERAL.*—*Notwithstanding any other*
 10 *provision of law, a public housing agency, in accord-*
 11 *ance with the public housing agency plan, may—*

12 “(A) *form and operate wholly owned or con-*
 13 *trolled subsidiaries (which may be nonprofit cor-*
 14 *porations) and other affiliates, any of which*
 15 *may be directed, managed, or controlled by the*
 16 *same persons who constitute the board of com-*
 17 *missioners or other similar governing body of the*
 18 *public housing agency, or who serve as employees*
 19 *or staff of the public housing agency; or*

20 “(B) *enter into joint ventures, partnerships,*
 21 *or other business arrangements with, or contract*
 22 *with, any person, organization, entity, or gov-*
 23 *ernmental unit, with respect to the administra-*
 24 *tion of the programs of the public housing agen-*

1 *cy, including any program that is subject to this*
 2 *title.*

3 “(2) *USE OF AND TREATMENT INCOME.*—*Any in-*
 4 *come generated under paragraph (1)—*

5 “(A) *shall be used for low-income housing or*
 6 *to benefit the residents of the public housing*
 7 *agency; and*

8 “(B) *shall not result in any decrease in any*
 9 *amount provided to the public housing agency*
 10 *under this title.*

11 “(3) *AUDITS.*—*The Comptroller General of the*
 12 *United States, the Secretary, and the Inspector Gen-*
 13 *eral of the Department of Housing and Urban Devel-*
 14 *opment may conduct an audit of any activity under-*
 15 *taken under paragraph (1) at any time.”.*

16 **SEC. 113. REPEAL OF MODERNIZATION FUND.**

17 (a) *IN GENERAL.*—*Section 14 of the United States*
 18 *Housing Act of 1937 (42 U.S.C. 1437l) is repealed.*

19 (b) *CONFORMING AMENDMENTS.*—*The United States*
 20 *Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended—*

21 (1) *in section 5(c)(5), by striking “for use under*
 22 *section 14 or”;*

23 (2) *in section 5(c)(7)—*

24 (A) *in subparagraph (A)—*

25 (i) *by striking clause (iii); and*

1 (ii) by redesignating clauses (iv)
 2 through (x) as clauses (iii) through (ix), re-
 3 spectively; and

4 (B) in subparagraph (B)—

5 (i) by striking clause (iii); and

6 (ii) by redesignating clauses (iv)
 7 through (x) as clauses (iii) through (ix), re-
 8 spectively;

9 (3) in section 6(j)(1)—

10 (A) by striking subparagraph (B); and

11 (B) by redesignating subparagraphs (C)
 12 through (H) as subparagraphs (B) through (G),
 13 respectively;

14 (4) in section 6(j)(2)(A)—

15 (A) in clause (i), by striking “The Secretary
 16 shall also designate,” and all that follows
 17 through the period at the end; and

18 (B) in clause (iii), by striking “(including
 19 designation as a troubled agency for purposes of
 20 the program under section 14)”;

21 (5) in section 6(j)(2)(B)—

22 (A) in clause (i), by striking “and deter-
 23 mining that an assessment under this subpara-
 24 graph will not duplicate any review conducted
 25 under section 14(p)”;

1 (B) in clause (ii)—

2 (i) by striking “(I) the agency’s com-
3 prehensive plan prepared pursuant to sec-
4 tion 14 adequately and appropriately ad-
5 dresses the rehabilitation needs of the agen-
6 cy’s inventory, (II)” and inserting “(I”;
7 and

8 (ii) by striking “(III)” and inserting
9 “(II”;

10 (6) in section 6(j)(3)—

11 (A) in clause (ii), by adding “and” at the
12 end;

13 (B) by striking clause (iii); and

14 (C) by redesignating clause (iv) as clause
15 (iii);

16 (7) in section 6(j)(4)—

17 (A) in subparagraph (D), by adding “and”
18 at the end;

19 (B) in subparagraph (E), by striking “;
20 and” at the end and inserting a period; and

21 (C) by striking subparagraph (F);

22 (8) in section 20—

23 (A) by striking subsection (c) and inserting
24 the following:

25 “(c) [Reserved.]”; and

1 (B) by striking subsection (f) and inserting
2 the following:

3 “(f) [Reserved.]”;

4 (9) in section 21(a)(2)—

5 (A) by striking subparagraph (A); and

6 (B) by redesignating subparagraphs (B)
7 and (C) as subparagraphs (A) and (B), respec-
8 tively;

9 (10) in section 21(a)(3)(A)(v), by striking “the
10 building or buildings meet the minimum safety and
11 livability standards applicable under section 14,
12 and”;

13 (11) in section 25(b)(1), by striking “From
14 amounts reserved” and all that follows through “the
15 Secretary may” and inserting the following: “To the
16 extent approved in appropriations Acts, the Secretary
17 may”;

18 (12) in section 25(e)(2)—

19 (A) by striking “The Secretary” and insert-
20 ing “To the extent approved in appropriations
21 Acts, the Secretary”; and

22 (B) by striking “available annually from
23 amounts under section 14”;

24 (13) in section 25(e), by striking paragraph (3);

1 (14) in section 25(f)(2)(G)(i), by striking “in-
 2 cluding—” and all that follows through “an expla-
 3 nation” and inserting “including an explanation”;

4 (15) in section 25(i)(1), by striking the second
 5 sentence; and

6 (16) in section 202(b)(2)—

7 (A) by striking “(b) *FINANCIAL ASSIST-*
 8 *ANCE.—*” and all that follows through “*The Sec-*
 9 *retary may,*” and inserting the following:

10 “(b) *FINANCIAL ASSISTANCE.—The Secretary may*”;

11 and

12 (B) by striking paragraph (2).

13 **SEC. 114. ELIGIBILITY FOR PUBLIC AND ASSISTED HOUS-**
 14 **ING.**

15 Section 16 of the United States Housing Act of 1937
 16 (42 U.S.C. 1437n) is amended to read as follows:

17 **“SEC. 16. ELIGIBILITY FOR PUBLIC AND ASSISTED HOUS-**
 18 **ING.**

19 “(a) *INCOME ELIGIBILITY FOR PUBLIC HOUSING.—*

20 “(1) *IN GENERAL.—Of the dwelling units of a*
 21 *public housing agency, including public housing units*
 22 *in a designated mixed-finance project, made available*
 23 *for occupancy in any fiscal year of the public housing*
 24 *agency—*

1 “(A) not less than 40 percent shall be occu-
 2 pied by families whose incomes do not exceed 30
 3 percent of the area median income for those fam-
 4 ilies;

5 “(B) not less than 75 percent shall be occu-
 6 pied by families whose incomes do not exceed 60
 7 percent of the area median income for those fam-
 8 ilies; and

9 “(C) any remaining dwelling units may be
 10 made available for families whose incomes do not
 11 exceed 80 percent of the area median income for
 12 those families.

13 “(2) *ESTABLISHMENT OF DIFFERENT STAND-*
 14 *ARDS.*—Notwithstanding paragraph (1), if approved
 15 by the Secretary, a public housing agency, in accord-
 16 ance with the public housing agency plan, may for
 17 good cause establish and implement an occupancy
 18 standard other than the standard described in para-
 19 graph (1).

20 “(3) *PROHIBITION OF CONCENTRATION OF LOW-*
 21 *INCOME FAMILIES.*—A public housing agency may
 22 not, in complying with the requirements under para-
 23 graph (1), concentrate very low-income families (or
 24 other families with relatively low incomes) in public

1 *housing dwelling units in certain public housing de-*
 2 *velopments or certain buildings within developments.*

3 “(4) *MIXED-INCOME HOUSING STANDARD.*—*Each*
 4 *public housing agency plan submitted by a public*
 5 *housing agency shall include a plan for achieving a*
 6 *diverse income mix among residents in each public*
 7 *housing project of the public housing agency and*
 8 *among the scattered site public housing of the public*
 9 *housing agency.*

10 “(b) *INCOME ELIGIBILITY FOR CERTAIN ASSISTED*
 11 *HOUSING.*—

12 “(1) *TENANT-BASED ASSISTANCE.*—*Of the dwell-*
 13 *ing units receiving tenant-based assistance under sec-*
 14 *tion 8 made available for occupancy in any fiscal*
 15 *year of the public housing agency—*

16 “(A) *not less than 50 percent shall be occu-*
 17 *pied by families whose incomes do not exceed 30*
 18 *percent of the area median income for those fam-*
 19 *ilies; and*

20 “(B) *any remaining dwelling units may be*
 21 *made available for families whose incomes do not*
 22 *exceed 80 percent of the area median income for*
 23 *those families.*

24 “(2) *ESTABLISHMENT OF DIFFERENT STAND-*
 25 *ARDS.*—*Notwithstanding paragraph (1), if approved*

1 *by the Secretary, a public housing agency, in accord-*
 2 *ance with the public housing agency plan, may for*
 3 *good cause establish and implement an occupancy*
 4 *standard other than the standard described in para-*
 5 *graph (1).*

6 *“(3) PROJECT-BASED ASSISTANCE.—Of the total*
 7 *number of dwelling units in a project receiving assist-*
 8 *ance under section 8, other than assistance described*
 9 *in paragraph (1), that are made available for occu-*
 10 *pancy by eligible families in any year (as determined*
 11 *by the Secretary)—*

12 *“(A) not less than 40 percent shall be occu-*
 13 *pied by families whose incomes do not exceed 30*
 14 *percent of the area median income; and*

15 *“(B) not less than 75 percent shall be occu-*
 16 *pied by families whose incomes do not exceed 60*
 17 *percent of the area median income.*

18 *“(c) DEFINITION OF AREA MEDIAN INCOME.—In this*
 19 *section, the term ‘area median income’ means the median*
 20 *income of an area, as determined by the Secretary, with*
 21 *adjustments for smaller and larger families, except that the*
 22 *Secretary may establish income ceilings higher or lower*
 23 *than the percentages specified in subsections (a) and (b) if*
 24 *the Secretary determines that such variations are necessary*
 25 *because of unusually high or low family incomes.”.*

1 **SEC. 115. DEMOLITION AND DISPOSITION OF PUBLIC HOUS-**
 2 **ING.**

3 (a) *IN GENERAL.*—Section 18 of the United States
 4 *Housing Act of 1937* (42 U.S.C. 1437p) is amended to read
 5 as follows:

6 **“SEC. 18. DEMOLITION AND DISPOSITION OF PUBLIC HOUS-**
 7 **ING.**

8 “(a) *APPLICATIONS FOR DEMOLITION AND DISPOSI-*
 9 *TION.*—Except as provided in subsection (b), not later than
 10 60 days after receiving an application by a public housing
 11 agency for authorization, with or without financial assist-
 12 ance under this title, to demolish or dispose of a public
 13 housing project or a portion of a public housing project (in-
 14 cluding any transfer to a resident-supported nonprofit en-
 15 tity), the Secretary shall approve the application, if the
 16 public housing agency certifies—

17 “(1) in the case of—

18 “(A) an application proposing demolition
 19 of a public housing project or a portion of a pub-
 20 lic housing project, that—

21 “(i) the project or portion of the public
 22 housing project is obsolete as to physical
 23 condition, location, or other factors, making
 24 it unsuitable for housing purposes; and

25 “(ii) no reasonable program of modi-
 26 fications is cost-effective to return the public

1 *housing project or portion of the project to*
2 *useful life; and*

3 “(B) *an application proposing the demoli-*
4 *tion of only a portion of a public housing*
5 *project, that the demolition will help to assure*
6 *the viability of the remaining portion of the*
7 *project;*

8 “(2) *in the case of an application proposing dis-*
9 *position of a public housing project or other real*
10 *property subject to this title by sale or other transfer,*
11 *that—*

12 “(A) *the retention of the property is not in*
13 *the best interests of the residents or the public*
14 *housing agency because—*

15 “(i) *conditions in the area surrounding*
16 *the public housing project adversely affect*
17 *the health or safety of the residents or the*
18 *feasible operation of the project by the pub-*
19 *lic housing agency; or*

20 “(ii) *disposition allows the acquisition,*
21 *development, or rehabilitation of other prop-*
22 *erties that will be more efficiently or effec-*
23 *tively operated as low-income housing;*

1 “(B) the public housing agency has other-
2 wise determined the disposition to be appro-
3 priate for reasons that are—

4 “(i) in the best interests of the resi-
5 dents and the public housing agency;

6 “(ii) consistent with the goals of the
7 public housing agency and the public hous-
8 ing agency plan; and

9 “(iii) otherwise consistent with this
10 title; or

11 “(C) for property other than dwelling units,
12 the property is excess to the needs of a public
13 housing project or the disposition is incidental
14 to, or does not interfere with, continued oper-
15 ation of a public housing project;

16 “(3) that the public housing agency has specifi-
17 cally authorized the demolition or disposition in the
18 public housing agency plan, and has certified that the
19 actions contemplated in the public housing agency
20 plan comply with this section;

21 “(4) that the public housing agency—

22 “(A) will provide for the payment of the ac-
23 tual and reasonable relocation expenses of each
24 resident to be displaced;

1 “(B) will ensure that each displaced resi-
2 dent is offered comparable housing—

3 “(i) that meets housing quality stand-
4 ards; and

5 “(ii) which may include—

6 “(I) tenant-based assistance;

7 “(II) project-based assistance; or

8 “(III) occupancy in a unit oper-
9 ated or assisted by the public housing
10 agency at a rental rate paid by the
11 resident that is comparable to the rent-
12 al rate applicable to the unit from
13 which the resident is vacated;

14 “(C) will provide any necessary counseling
15 for residents who are displaced; and

16 “(D) will not commence demolition or com-
17 plete disposition until all residents residing in
18 the unit are relocated;

19 “(5) that the net proceeds of any disposition will
20 be used—

21 “(A) unless waived by the Secretary, for the
22 retirement of outstanding obligations issued to
23 finance the original public housing project or
24 modernization of the project; and

1 “(B) to the extent that any proceeds remain
 2 after the application of proceeds in accordance
 3 with subparagraph (A), for the provision of low-
 4 income housing or to benefit the residents of the
 5 public housing agency; and

6 “(6) that the public housing agency has complied
 7 with subsection (c).

8 “(b) *DISAPPROVAL OF APPLICATIONS.*—The Secretary
 9 shall disapprove an application submitted under subsection
 10 (a) if the Secretary determines that—

11 “(1) any certification made by the public hous-
 12 ing agency under that subsection is clearly inconsis-
 13 tent with information and data available to the Sec-
 14 retary or information or data requested by the Sec-
 15 retary; or

16 “(2) the application was not developed in con-
 17 sultation with—

18 “(A) residents who will be affected by the
 19 proposed demolition or disposition; and

20 “(B) each resident advisory board and resi-
 21 dent council, if any, that will be affected by the
 22 proposed demolition or disposition.

23 “(c) *RESIDENT OPPORTUNITY TO PURCHASE IN CASE*
 24 *OF PROPOSED DISPOSITION.*—

1 “(1) *IN GENERAL.*—*In the case of a proposed*
 2 *disposition of a public housing project or portion of*
 3 *a project, the public housing agency shall, in appro-*
 4 *prate circumstances, as determined by the Secretary,*
 5 *initially offer the property to any eligible resident or-*
 6 *ganization, eligible resident management corporation,*
 7 *or nonprofit organization acting on behalf of the resi-*
 8 *dents, if that entity has expressed an interest, in writ-*
 9 *ing, to the public housing agency in a timely manner,*
 10 *in purchasing the property for continued use as low-*
 11 *income housing.*

12 “(2) *TIMING.*—

13 “(A) *THIRTY-DAY NOTICE.*—*A resident or-*
 14 *ganization, resident management corporation, or*
 15 *other resident-supported nonprofit entity referred*
 16 *to in paragraph (1) may express interest in pur-*
 17 *chasing property that is the subject of a disposi-*
 18 *tion, as described in paragraph (1), during the*
 19 *30-day period beginning on the date of notifica-*
 20 *tion of a proposed sale of the property.*

21 “(B) *SIXTY-DAY NOTICE.*—*If an entity ex-*
 22 *presses written interest in purchasing a prop-*
 23 *erty, as provided in subparagraph (A), no dis-*
 24 *position of the property shall occur during the*
 25 *60-day period beginning on the date of receipt of*

1 *that written notice, during which time that en-*
 2 *tity shall be given the opportunity to obtain a*
 3 *firm commitment for financing the purchase of*
 4 *the property.*

5 “(d) *REPLACEMENT UNITS.*—*Notwithstanding any*
 6 *other provision of law, replacement housing units for public*
 7 *housing units demolished in accordance with this section*
 8 *may be built on the original public housing location or in*
 9 *the same neighborhood as the original public housing loca-*
 10 *tion if the number of those replacement units is fewer than*
 11 *the number of units demolished.”.*

12 (b) *HOMEOWNERSHIP REPLACEMENT PLAN.*—

13 (1) *IN GENERAL.*—*Section 304(g) of the United*
 14 *States Housing Act of 1937 (42 U.S.C. 1437aaa–*
 15 *3(g)), as amended by section 1002(b) of the Emer-*
 16 *gency Supplemental Appropriations for Additional*
 17 *Disaster Assistance, for Anti-terrorism Initiatives, for*
 18 *Assistance in the Recovery from the Tragedy that Oc-*
 19 *curred At Oklahoma City, and Rescissions Act, 1995*
 20 *(Public Law 104–19; 109 Stat. 236), is amended to*
 21 *read as follows:*

22 “(g) *[Reserved.]”.*

23 (2) *EFFECTIVE DATE.*—*The amendment made by*
 24 *paragraph (1) shall be effective with respect to any*
 25 *plan for the demolition, disposition, or conversion to*

(c) *UNIFORM RELOCATION AND REAL PROPERTY AC-*
QUISITION ACT.—*The Uniform Relocation and Real Prop-*
erty Acquisition Act shall not apply to activities under sec-
tion 18 of the United States Housing Act of 1937, as
amended by this section.

8 *SEC. 116. REPEAL OF FAMILY INVESTMENT CENTERS;*
9 *VOUCHER SYSTEM FOR PUBLIC HOUSING.*

10 (a) IN GENERAL.—Section 22 of the United States
11 Housing Act of 1937 (42 U.S.C. 1437t) is amended to read
12 as follows:

13 **“SEC. 22. VOUCHER SYSTEM FOR PUBLIC HOUSING.**

14 “(a) *IN GENERAL.*—

15 “(1) *AUTHORIZATION.*—A public housing agency
16 may convert any public housing project (or portion
17 thereof) owned and operated by the public housing
18 agency to a system of tenant-based assistance in ac-
19 cordance with this section.

“(2) *REQUIREMENTS.*—In converting to a tenant-based system of assistance under this section, the public housing agency shall develop a conversion assessment and plan under subsection (b) in consultation with the appropriate public officials, with significant participation by the residents of the project

1 *(or portion thereof), which assessment and plan*
 2 *shall—*

3 *“(A) be consistent with and part of the pub-*
 4 *lic housing agency plan; and*

5 *“(B) describe the conversion and future use*
 6 *or disposition of the public housing project, in-*
 7 *cluding an impact analysis on the affected com-*
 8 *munity.*

9 *“(b) CONVERSION ASSESSMENT AND PLAN.—*

10 *“(1) IN GENERAL.—Not later than 2 years after*
 11 *the date of enactment of the Public Housing Reform*
 12 *and Responsibility Act of 1997, each public housing*
 13 *agency shall assess the status of each public housing*
 14 *project owned and operated by that public housing*
 15 *agency, and shall submit to the Secretary an assess-*
 16 *ment that includes—*

17 *“(A) a cost analysis that demonstrates*
 18 *whether or not the cost (both on a net present*
 19 *value basis and in terms of new budget authority*
 20 *requirements) of providing tenant-based assist-*
 21 *ance under section 8 for the same families in*
 22 *substantially similar dwellings over the same pe-*
 23 *riod of time is less expensive than continuing*
 24 *public housing assistance in the public housing*

1 *project proposed for conversion for the remaining*
2 *useful life of the project;*

3 *“(B) an analysis of the market value of the*
4 *public housing project proposed for conversion*
5 *both before and after rehabilitation, and before*
6 *and after conversion;*

7 *“(C) an analysis of the rental market condi-*
8 *tions with respect to the likely success of tenant-*
9 *based assistance under section 8 in that market*
10 *for the specific residents of the public housing*
11 *project proposed for conversion, including an as-*
12 *essment of the availability of decent and safe*
13 *dwellings renting at or below the payment stand-*
14 *ard established for tenant-based assistance under*
15 *section 8 by the public housing agency;*

16 *“(D) the impact of the conversion to a sys-*
17 *tem of tenant-based assistance under this section*
18 *on the neighborhood in which the public housing*
19 *project is located; and*

20 *“(E) a plan that identifies actions, if any,*
21 *that the public housing agency would take with*
22 *regard to converting any public housing project*
23 *or projects (or portions thereof) of the public*
24 *housing agency to a system of tenant-based as-*
25 *sistance.*

1 “(2) *STREAMLINED ASSESSMENT.*—*At the discre-*
 2 *tion of the Secretary or at the request of a public*
 3 *housing agency, the Secretary may waive any or all*
 4 *of the requirements of paragraph (1) or otherwise re-*
 5 *quire a streamlined assessment with respect to any*
 6 *public housing project or class of public housing*
 7 *projects.*

8 “(3) *IMPLEMENTATION OF CONVERSION PLAN.*—

9 “(A) *IN GENERAL.*—*A public housing agen-*
 10 *cy may implement a conversion plan only if the*
 11 *conversion assessment under this section dem-*
 12 *onstrates that the conversion—*

13 “(i) *will not be more expensive than*
 14 *continuing to operate the public housing*
 15 *project (or portion thereof) as public hous-*
 16 *ing; and*

17 “(ii) *will principally benefit the resi-*
 18 *dents of the public housing project (or por-*
 19 *tion thereof) to be converted, the public*
 20 *housing agency, and the community.*

21 “(B) *DISAPPROVAL.*—*The Secretary shall*
 22 *disapprove a conversion plan only if the plan is*
 23 *plainly inconsistent with the conversion assess-*
 24 *ment under subsection (b) or if there is reliable*

1 *information and data available to the Secretary*
 2 *that contradicts that conversion assessment.*

3 “(c) *OTHER REQUIREMENTS.—To the extent approved*
 4 *by the Secretary, the funds used by the public housing agen-*
 5 *cy to provide tenant-based assistance under section 8 shall*
 6 *be added to the annual contribution contract administered*
 7 *by the public housing agency.”.*

8 (b) *SAVINGS PROVISION.—The amendment made by*
 9 *subsection (a) does not affect any contract or other agree-*
 10 *ment entered into under section 22 of the United States*
 11 *Housing Act of 1937, as that section existed on the day be-*
 12 *fore the date of enactment of this Act.*

13 **SEC. 117. REPEAL OF FAMILY SELF-SUFFICIENCY; HOME-**
 14 **OWNERSHIP OPPORTUNITIES.**

15 (a) *IN GENERAL.—Section 23 of the United States*
 16 *Housing Act of 1937 (42 U.S.C. 1437u) is amended to read*
 17 *as follows:*

18 **“SEC. 23. PUBLIC HOUSING HOMEOWNERSHIP OPPORTUNI-**
 19 **TIES.**

20 “(a) *IN GENERAL.—Notwithstanding any other provi-*
 21 *sion of law, a public housing agency may, in accordance*
 22 *with this section—*

23 “(1) *sell any public housing unit in any public*
 24 *housing project of the public housing agency to—*

1 “(A) *the low-income residents of the public*
 2 *housing agency; or*

3 “(B) *any organization serving as a conduit*
 4 *for sales to those persons; and*

5 “(2) *provide assistance to public housing resi-*
 6 *dents to facilitate the ability of those residents to pur-*
 7 *chase a principal residence.*

8 “(b) *RIGHT OF FIRST REFUSAL.—In making any sale*
 9 *under this section, the public housing agency shall initially*
 10 *offer the public housing unit at issue to the resident or resi-*
 11 *dents occupying that unit, if any, or to an organization*
 12 *serving as a conduit for sales to any such resident.*

13 “(c) *SALE PRICES, TERMS, AND CONDITIONS.—Any*
 14 *sale under this section may involve such prices, terms, and*
 15 *conditions as the public housing agency may determine in*
 16 *accordance with procedures set forth in the public housing*
 17 *agency plan.*

18 “(d) *PURCHASE REQUIREMENTS.—*

19 “(1) *IN GENERAL.—Each resident that purchases*
 20 *a dwelling unit under subsection (a) shall, as of the*
 21 *date on which the purchase is made—*

22 “(A) *intend to occupy the property as a*
 23 *principal residence; and*

24 “(B) *submit a written certification to the*
 25 *public housing agency that such resident will oc-*

1 *copy the property as a principal residence for a*
 2 *period of not less than 12 months beginning on*
 3 *that date.*

4 “(2) *RECAPTURE.*—*Except for good cause, as de-*
 5 *termined by a public housing agency in the public*
 6 *housing agency plan, if, during the 1-year period be-*
 7 *ginning on the date on which any resident acquires*
 8 *a public housing unit under this section, that public*
 9 *housing unit is resold, the public housing agency shall*
 10 *recapture 75 percent of the amount of any proceeds*
 11 *from that resale that exceed the sum of—*

12 “(A) *the original sale price for the acquisi-*
 13 *tion of the property by the qualifying resident;*

14 “(B) *the costs of any improvements made to*
 15 *the property after the date on which the acquisi-*
 16 *tion occurs; and*

17 “(C) *any closing costs incurred in connec-*
 18 *tion with the acquisition.*

19 “(e) *PROTECTION OF NONPURCHASING RESIDENTS.*—
 20 *If a public housing resident does not exercise the right of*
 21 *first refusal under subsection (b) with respect to the public*
 22 *housing unit in which the resident resides, the public hous-*
 23 *ing agency shall—*

1 “(1) ensure that either another public housing
2 unit or rental assistance under section 8 is made
3 available to the resident; and

4 “(2) provide for the payment of the actual and
5 reasonable relocation expenses of the resident.

6 “(f) *NET PROCEEDS*.—The net proceeds of any sales
7 under this section remaining after payment of all costs of
8 the sale and any unassumed, unpaid indebtedness owed in
9 connection with the dwelling units sold under this section
10 unless waived by the Secretary, shall be used for purposes
11 relating to low-income housing and in accordance with the
12 public housing agency plan.

13 “(g) *HOMEOWNERSHIP ASSISTANCE*.—From amounts
14 distributed to a public housing agency under section 9, or
15 from other income earned by the public housing agency, the
16 public housing agency may provide assistance to public
17 housing residents to facilitate the ability of those residents
18 to purchase a principal residence, including a residence
19 other than a residence located in a public housing project.”.

20 (b) *CONFORMING AMENDMENTS*.—The United States
21 Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended—

22 (1) in section 8(y)(7)(A)—

23 (A) by striking “, (ii)” and inserting “, and
24 (ii)”; and

1 (B) by striking “, and (iii)” and all that
 2 follows before the period at the end; and

3 (2) in section 25(l)(2)—

4 (A) in the first sentence, by striking “, con-
 5 sistent with the objectives of the program under
 6 section 23,”; and

7 (B) by striking the second sentence.

8 (c) SAVINGS PROVISION.—The amendments made by
 9 this section do not affect any contract or other agreement
 10 entered into under section 23 of the United States Housing
 11 Act of 1937, as that section existed on the day before the
 12 date of enactment of this Act.

13 **SEC. 118. REVITALIZING SEVERELY DISTRESSED PUBLIC**
 14 **HOUSING.**

15 Section 24 of the United States Housing Act of 1937
 16 (42 U.S.C. 1437v) is amended to read as follows:

17 **“SEC. 24. REVITALIZING SEVERELY DISTRESSED PUBLIC**
 18 **HOUSING.**

19 “(a) *IN GENERAL.*—To the extent provided in advance
 20 in appropriations Acts, the Secretary may make grants to
 21 public housing agencies for the purposes of—

22 “(1) enabling the demolition of obsolete public
 23 housing projects or portions thereof;

1 “(2) revitalizing sites (including remaining pub-
 2 lic housing units) on which such public housing
 3 projects are located;

4 “(3) the provision of replacement housing, which
 5 will avoid or lessen concentrations of very low-income
 6 families; and

7 “(4) the provision of tenant-based assistance
 8 under section 8 for use as replacement housing.

9 “(b) *COMPETITION.*—The Secretary shall make grants
 10 under this section on the basis of a competition, which shall
 11 be based on such factors as—

12 “(1) the need for additional resources for ad-
 13 dressing a severely distressed public housing project;

14 “(2) the need for affordable housing in the com-
 15 munity;

16 “(3) the supply of other housing available and
 17 affordable to a family receiving tenant-based assist-
 18 ance under section 8; and

19 “(4) the local impact of the proposed revitaliza-
 20 tion program.

21 “(c) *TERMS AND CONDITIONS.*—The Secretary may
 22 impose such terms and conditions on recipients of grants
 23 under this section as the Secretary determines to be appro-
 24 priate to carry out the purposes of this section, except that

1 *such terms and conditions shall be similar to the terms and*
 2 *conditions of either—*

3 *“(1) the urban revitalization demonstration pro-*
 4 *gram authorized under the Departments of Veterans*
 5 *Affairs and Housing and Urban Development and*
 6 *Independent Agencies Appropriations Acts; or*

7 *“(2) section 24 of the United States Housing Act*
 8 *of 1937, as such section existed before the date of en-*
 9 *actment of the Public Housing Reform and Respon-*
 10 *sibility Act of 1997.*

11 *“(d) ALTERNATIVE MANAGEMENT.—The Secretary*
 12 *may require any recipient of a grant under this section to*
 13 *make arrangements with an entity other than the public*
 14 *housing agency to carry out the purposes for which the*
 15 *grant was awarded, if the Secretary determines that such*
 16 *action is necessary for the timely and effective achievement*
 17 *of the purposes for which the grant was awarded.*

18 *“(e) SUNSET.—No grant may be made under this sec-*
 19 *tion on or after October 1, 1999.”.*

20 **SEC. 119. MIXED-FINANCE AND MIXED-OWNERSHIP**
 21 **PROJECTS.**

22 *(a) IN GENERAL.—Title I of the United States Hous-*
 23 *ing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by*
 24 *adding at the end the following:*

1 **“SEC. 30. MIXED-FINANCE AND MIXED-OWNERSHIP**
 2 **PROJECTS.**

3 “(a) *IN GENERAL.*—A public housing agency may
 4 own, operate, assist, or otherwise participate in 1 or more
 5 mixed-finance projects in accordance with this section.

6 “(b) *REQUIREMENTS.*—

7 “(1) *MIXED-FINANCE PROJECT.*—In this section,
 8 the term ‘mixed-finance project’ means a project that
 9 meets the requirements of paragraph (2) and that is
 10 occupied both by 1 or more very low-income families
 11 and by 1 or more families that are not very low-in-
 12 come families.

13 “(2) *STRUCTURE OF PROJECTS.*—Each mixed-fi-
 14 nance project shall be developed—

15 “(A) in a manner that ensures that units
 16 are made available in the project, by master con-
 17 tract, individual lease, or equity interest for oc-
 18 cupancy by eligible families identified by the
 19 public housing agency for a period of not less
 20 than 20 years;

21 “(B) in a manner that ensures that the
 22 number of public housing units bears approxi-
 23 mately the same proportion to the total number
 24 of units in the mixed-finance project as the value
 25 of the total financial commitment provided by
 26 the public housing agency bears to the value of

1 *the total financial commitment in the project, or*
 2 *shall not be less than the number of units that*
 3 *could have been developed under the conventional*
 4 *public housing program with the assistance; and*

5 *“(C) in accordance with such other require-*
 6 *ments as the Secretary may prescribe by regula-*
 7 *tion.*

8 *“(3) TYPES OF PROJECTS.—The term ‘mixed-fi-*
 9 *nance project’ includes a project that is developed—*

10 *“(A) by a public housing agency or by an*
 11 *entity affiliated with a public housing agency;*

12 *“(B) by a partnership, a limited liability*
 13 *company, or other entity in which the public*
 14 *housing agency (or an entity affiliated with a*
 15 *public housing agency) is a general partner,*
 16 *managing member, or otherwise participates in*
 17 *the activities of that entity;*

18 *“(C) by any entity that grants to the public*
 19 *housing agency the option to purchase the public*
 20 *housing project during the 20-year period begin-*
 21 *ning on the date of initial occupancy of the pub-*
 22 *lic housing project in accordance with section*
 23 *42(l)(7) of the Internal Revenue Code of 1986; or*

1 “(D) *in accordance with such other terms*
 2 *and conditions as the Secretary may prescribe*
 3 *by regulation.*

4 “(c) *TAXATION.—*

5 “(1) *IN GENERAL.—A public housing agency*
 6 *may elect to have all public housing units in a*
 7 *mixed-finance project subject to local real estate taxes,*
 8 *except that such units shall be eligible at the discre-*
 9 *tion of the public housing agency for the taxing re-*
 10 *quirements under section 6(d).*

11 “(2) *LOW-INCOME HOUSING TAX CREDIT.—With*
 12 *respect to any unit in a mixed-finance project that is*
 13 *assisted pursuant to the low-income housing tax cred-*
 14 *it under section 42 of the Internal Revenue Code of*
 15 *1986, the rents charged to the residents may be set at*
 16 *levels not to exceed the amounts allowable under that*
 17 *section.*

18 “(d) *RESTRICTION.—No assistance provided under sec-*
 19 *tion 9 shall be used by a public housing agency in direct*
 20 *support of any unit rented to a family that is not a low-*
 21 *income family.*

22 “(e) *EFFECT OF CERTAIN CONTRACT TERMS.—If an*
 23 *entity that owns or operates a mixed-finance project under*
 24 *this section enters into a contract with a public housing*
 25 *agency, the terms of which obligate the entity to operate*

1 *and maintain a specified number of units in the project*
2 *as public housing units in accordance with the requirements*
3 *of this Act for the period required by law, such contractual*
4 *terms may provide that, if, as a result of a reduction in*
5 *appropriations under section 9, or any other change in ap-*
6 *plicable law, the public housing agency is unable to fulfill*
7 *its contractual obligations with respect to those public hous-*
8 *ing units, that entity may deviate, under procedures and*
9 *requirements developed through regulations by the Sec-*
10 *retary, from otherwise applicable restrictions under this Act*
11 *regarding rents, income eligibility, and other areas of pub-*
12 *lic housing management with respect to a portion or all*
13 *of those public housing units, to the extent necessary to pre-*
14 *serve the viability of those units while maintaining the low-*
15 *income character of the units to the maximum extent prac-*
16 *ticable.”.*

17 (b) *REGULATIONS.—The Secretary shall issue such*
18 *regulations as may be necessary to promote the development*
19 *of mixed-finance projects, as that term is defined in section*
20 *30 of the United States Housing Act of 1937 (as added by*
21 *this Act).*

1 **SEC. 120. CONVERSION OF DISTRESSED PUBLIC HOUSING**
 2 **TO TENANT-BASED ASSISTANCE.**

3 (a) *IN GENERAL.*—*Title I of the United States Hous-*
 4 *ing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by*
 5 *adding at the end the following:*

6 **“SEC. 31. CONVERSION OF DISTRESSED PUBLIC HOUSING**
 7 **TO TENANT-BASED ASSISTANCE.**

8 “(a) *IDENTIFICATION OF UNITS.*—*Each public housing*
 9 *agency shall identify all public housing projects of the pub-*
 10 *lic housing agency—*

11 “(1) *that are on the same or contiguous sites;*

12 “(2) *that the public housing agency determines*
 13 *to be distressed, which determination shall be made in*
 14 *accordance with guidelines established by the Sec-*
 15 *retary, which guidelines shall be based on the criteria*
 16 *established in the Final Report of the National Com-*
 17 *mission on Severely Distressed Public Housing (Au-*
 18 *gust 1992);*

19 “(3) *identified as distressed housing under para-*
 20 *graph (2) for which the public housing agency cannot*
 21 *assure the long-term viability as public housing*
 22 *through reasonable modernization expenses, density*
 23 *reduction, achievement of a broader range of family*
 24 *income, or other measures; and*

25 “(4) *for which the estimated cost, during the re-*
 26 *maining useful life of the project, of continued oper-*

1 *ation and modernization as public housing exceeds*
 2 *the estimated cost, during the remaining useful life of*
 3 *the project, of providing tenant-based assistance under*
 4 *section 8 for all families in occupancy, based on ap-*
 5 *propriate indicators of cost (such as the percentage of*
 6 *total development costs required for modernization).*

7 *“(b) CONSULTATION.—Each public housing agency*
 8 *shall consult with the appropriate public housing residents*
 9 *and the appropriate unit of general local government in*
 10 *identifying any public housing projects under subsection*
 11 *(a).*

12 *“(c) REMOVAL OF UNITS FROM THE INVENTORIES OF*
 13 *PUBLIC HOUSING AGENCIES.—*

14 *“(1) IN GENERAL.—*

15 *“(A) DEVELOPMENT OF PLAN.—Each public*
 16 *housing agency shall develop and, to the extent*
 17 *provided in advance in appropriations Acts,*
 18 *carry out a 5-year plan in conjunction with the*
 19 *Secretary for the removal of public housing units*
 20 *identified under subsection (a) from the inven-*
 21 *tory of the public housing agency and the annual*
 22 *contributions contract.*

23 *“(B) APPROVAL OF PLAN.—The plan re-*
 24 *quired under subparagraph (A) shall—*

1 “(i) be included as part of the public
2 housing agency plan;

3 “(ii) be certified by the relevant local
4 official to be in accordance with the com-
5 prehensive housing affordability strategy
6 under title I of the Housing and Commu-
7 nity Development Act of 1992; and

8 “(iii) include a description of any dis-
9 position and demolition plan for the public
10 housing units.

11 “(2) *EXTENSIONS.*—The Secretary may extend
12 the 5-year deadline described in paragraph (1) by not
13 more than an additional 5 years if the Secretary
14 makes a determination that the deadline is imprac-
15 ticable.

16 “(d) *CONVERSION TO TENANT-BASED ASSISTANCE.*—

17 “(1) *IN GENERAL.*—To the extent approved in
18 advance in appropriations Acts, the Secretary shall
19 make authority available to a public housing agency
20 to provide assistance under this Act to families resid-
21 ing in any public housing project that is removed
22 from the inventory of the public housing agency and
23 the annual contributions contract pursuant to this
24 section.

1 “(2) *PLAN REQUIREMENTS.*—*Each plan under*
 2 *subsection (c) shall require the agency—*

3 “(A) *to notify each family residing in the*
 4 *public housing project, consistent with any*
 5 *guidelines issued by the Secretary governing such*
 6 *notifications, that—*

7 “(i) *the public housing project will be*
 8 *removed from the inventory of the public*
 9 *housing agency;*

10 “(ii) *the demolition will not commence*
 11 *until each resident residing in the public*
 12 *housing project is relocated; and*

13 “(iii) *each family displaced by such*
 14 *action will be offered comparable housing—*

15 “(I) *that meets housing quality*
 16 *standards; and*

17 “(II) *which may include—*

18 “(aa) *tenant-based assist-*
 19 *ance;*

20 “(bb) *project-based assist-*
 21 *ance; or*

22 “(cc) *occupancy in a unit*
 23 *operated or assisted by the public*
 24 *housing agency at a rental rate*
 25 *paid by the family that is com-*

1 *parable to the rental rate applica-*
 2 *ble to the unit from which the*
 3 *family is vacated;*

4 *“(B) to provide any necessary counseling*
 5 *for families displaced by such action; and*

6 *“(C) to provide any actual and reasonable*
 7 *relocation expenses for families displaced by such*
 8 *action.*

9 *“(e) REMOVAL BY SECRETARY.—The Secretary shall*
 10 *take appropriate actions to ensure removal of any public*
 11 *housing project identified under subsection (a) from the in-*
 12 *ventory of a public housing agency, if the public housing*
 13 *agency fails to adequately develop a plan under subsection*
 14 *(c) with respect to that project, or fails to adequately imple-*
 15 *ment such plan in accordance with the terms of the plan.*

16 *“(f) ADMINISTRATION.—*

17 *“(1) IN GENERAL.—The Secretary may require a*
 18 *public housing agency to provide to the Secretary or*
 19 *to public housing residents such information as the*
 20 *Secretary considers to be necessary for the adminis-*
 21 *tration of this section.*

22 *“(2) APPLICABILITY OF SECTION 18.—Section 18*
 23 *does not apply to the demolition of public housing*
 24 *projects removed from the inventory of the public*
 25 *housing agency under this section.”.*

1 (b) *CONFORMING AMENDMENT.*—Section 202 of the
 2 *Departments of Veterans Affairs and Housing and Urban*
 3 *Development, and Independent Agencies Appropriations*
 4 *Act, 1996 (42 U.S.C. 1437l note) is repealed.*

5 **SEC. 121. PUBLIC HOUSING MORTGAGES AND SECURITY IN-**
 6 **TERESTS.**

7 *Title I of the United States Housing Act of 1937 (42*
 8 *U.S.C. 1437 et seq.) is amended by adding at the end the*
 9 *following:*

10 **“SEC. 32. PUBLIC HOUSING MORTGAGES AND SECURITY IN-**
 11 **TERESTS.**

12 “(a) *GENERAL AUTHORIZATION.*—The Secretary may,
 13 *upon such terms and conditions as the Secretary may pre-*
 14 *scribe, authorize a public housing agency to mortgage or*
 15 *otherwise grant a security interest in any public housing*
 16 *project or other property of the public housing agency.*

17 “(b) *TERMS AND CONDITIONS.*—

18 “(1) *CRITERIA FOR APPROVAL.*—In making any
 19 *authorization under subsection (a), the Secretary may*
 20 *consider—*

21 “(A) *the ability of the public housing agen-*
 22 *cy to use the proceeds of the mortgage or security*
 23 *interest for low-income housing uses;*

1 “(B) the ability of the public housing agen-
 2 cy to make payments on the mortgage or security
 3 interest; and

4 “(C) such other criteria as the Secretary
 5 may specify.

6 “(2) *TERMS AND CONDITIONS OF MORTGAGES*
 7 *AND SECURITY INTERESTS OBTAINED.—Each mort-*
 8 *gage or security interest granted under this section*
 9 *shall be—*

10 “(A) for a term that—

11 “(i) is consistent with the terms of pri-
 12 vate loans in the market area in which the
 13 public housing project or property at issue
 14 is located; and

15 “(ii) does not exceed 30 years; and

16 “(B) subject to conditions that are consist-
 17 ent with the conditions to which private loans in
 18 the market area in which the subject project or
 19 other property is located are subject.

20 “(3) *NO FEDERAL LIABILITY.—No action taken*
 21 *under this section shall result in any liability to the*
 22 *Federal Government.”.*

1 **SEC. 122. LINKING SERVICES TO PUBLIC HOUSING RESI-**
 2 **DENTS.**

3 *Title I of the United States Housing Act of 1937 (42*
 4 *U.S.C. 1437 et seq.) is amended by adding at the end the*
 5 *following:*

6 **“SEC. 33. SERVICES FOR PUBLIC HOUSING RESIDENTS.**

7 *“(a) IN GENERAL.—To the extent provided in advance*
 8 *in appropriations Acts, the Secretary may make grants to*
 9 *public housing agencies on behalf of public housing resi-*
 10 *dents, or directly to resident management corporations,*
 11 *resident councils, or resident organizations (including non-*
 12 *profit entities supported by residents), for the purposes of*
 13 *providing a program of supportive services and resident*
 14 *empowerment activities to assist public housing residents*
 15 *in becoming economically self-sufficient.*

16 *“(b) ELIGIBLE ACTIVITIES.—Grantees under this sec-*
 17 *tion may use such amounts only for activities on or near*
 18 *the property of the public housing agency or public housing*
 19 *project that are designed to promote the self-sufficiency of*
 20 *public housing residents, including activities relating to—*

21 *“(1) physical improvements to a public housing*
 22 *project in order to provide space for supportive serv-*
 23 *ices for residents;*

24 *“(2) the provision of service coordinators;*

25 *“(3) the provision of services related to work*
 26 *readiness, including education, job training and*

1 *counseling, job search skills, business development*
 2 *training and planning, tutoring, mentoring, adult lit-*
 3 *eracy, computer access, personal and family counsel-*
 4 *ing, health screening, work readiness health services,*
 5 *transportation, and child care;*

6 *“(4) economic and job development, including*
 7 *employer linkages and job placement, and the start-*
 8 *up of resident microenterprises, community credit*
 9 *unions, and revolving loan funds, including the li-*
 10 *censing, bonding, and insurance needed to operate*
 11 *such enterprises;*

12 *“(5) resident management activities and resident*
 13 *participation activities; and*

14 *“(6) other activities designed to improve the eco-*
 15 *nomie self-sufficiency of residents.*

16 “(c) *FUNDING DISTRIBUTION.—*

17 *“(1) IN GENERAL.—Except for amounts provided*
 18 *under subsection (d), the Secretary may distribute*
 19 *amounts made available under this section on the*
 20 *basis of a competition or a formula, as appropriate.*

21 *“(2) FACTORS FOR DISTRIBUTION.—Factors for*
 22 *distribution under paragraph (1) shall include—*

23 *“(A) the demonstrated capacity of the ap-*
 24 *plicant to carry out a program of supportive*
 25 *services or resident empowerment activities;*

1 “(B) the ability of the applicant to leverage
2 additional resources for the provision of services;
3 and

4 “(C) the extent to which the grant will re-
5 sult in a high quality program of supportive
6 services or resident empowerment activities.

7 “(d) *FUNDING FOR RESIDENT COUNCILS.*—Of
8 amounts appropriated for activities under this section, not
9 less than \$25,000,000 shall be provided directly to resident
10 councils, resident organizations, and resident management
11 corporations.”.

12 **SEC. 123. PROHIBITION ON USE OF AMOUNTS.**

13 *Title I of the United States Housing Act of 1937 (42*
14 *U.S.C. 1437 et seq.) is amended by adding at the end the*
15 *following:*

16 **“SEC. 34. PROHIBITION ON USE OF AMOUNTS.**

17 *“None of the amounts made available to the Depart-*
18 *ment of Housing and Urban Development to carry out this*
19 *Act, that are obligated to State or local governments, public*
20 *housing agencies, housing finance agencies, or other public*
21 *or quasi-public housing agencies, may be used to indemnify*
22 *contractors or subcontractors of the government or agency*
23 *against costs associated with judgments of infringement of*
24 *intellectual property rights.”.*

1 **SEC. 124. PET OWNERSHIP.**

2 *Title I of the United States Housing Act of 1937 (42*
 3 *U.S.C. 1437 et seq.) is amended by adding at the end the*
 4 *following:*

5 **“SEC. 35. PET OWNERSHIP IN FEDERALLY ASSISTED RENT-**
 6 **AL HOUSING.**

7 **“(a) OWNERSHIP CONDITIONS.—**

8 *“(1) IN GENERAL.—A resident of a dwelling unit*
 9 *in federally assisted rental housing may own 1 or*
 10 *more common household pets or have 1 or more com-*
 11 *mon household pets present in the dwelling unit of*
 12 *such resident, subject to the reasonable requirements*
 13 *of the owner of the federally assisted rental housing,*
 14 *if the resident maintains each pet responsibly and in*
 15 *accordance with applicable State and local public*
 16 *health, animal control, and animal anti-cruelty laws*
 17 *and regulations.*

18 *“(2) REQUIREMENTS.—The reasonable require-*
 19 *ments described in paragraph (1) may include requir-*
 20 *ing payment of a nominal fee, a pet deposit, or both,*
 21 *by residents owning or having pets present, to cover*
 22 *the reasonable operating costs to the project relating*
 23 *to the presence of pets and to establish an escrow ac-*
 24 *count for additional costs not otherwise covered, re-*
 25 *spectively.*

1 “(b) *PROHIBITION AGAINST DISCRIMINATION.*—No
 2 owner of federally assisted rental housing may restrict or
 3 discriminate against any person in connection with admis-
 4 sion to, or continued occupancy of, such housing by reason
 5 of the ownership of common household pets by, or the pres-
 6 ence of such pets in the dwelling unit of, such person.

7 “(c) *DEFINITIONS.*—In this section:

8 “(1) *FEDERALLY ASSISTED RENTAL HOUSING.*—
 9 The term ‘federally assisted rental housing’ means
 10 any public housing project or any rental housing re-
 11 ceiving project-based assistance under—

12 “(A) the new construction and substantial
 13 rehabilitation program under section 8(b)(2) of
 14 this Act (as in effect before October 1, 1983);

15 “(B) the property disposition program
 16 under section 8(b);

17 “(C) the moderate rehabilitation program
 18 under section 8(e)(2) of this Act (as it existed
 19 prior to October 1, 1991);

20 “(D) section 23 of this Act (as in effect be-
 21 fore January 1, 1975);

22 “(E) the rent supplement program under
 23 section 101 of the Housing and Urban Develop-
 24 ment Act of 1965;

1 “(F) section 8 of this Act, following conver-
2 sion from assistance under section 101 of the
3 Housing and Urban Development Act of 1965; or

4 “(G) loan management assistance under
5 section 8 of this Act.

6 “(2) OWNER.—The term ‘owner’ means, with re-
7 spect to federally assisted rental housing, the entity or
8 private person, including a cooperative or public
9 housing agency, that has the legal right to lease or
10 sublease dwelling units in such housing (including a
11 manager of such housing having such right).

12 “(d) REGULATIONS.—This section shall take effect
13 upon the date of the effectiveness of regulations issued by
14 the Secretary to carry out this section. Such regulations
15 shall be issued after notice and opportunity for public com-
16 ment in accordance with the procedure under section 553
17 of title 5, United States Code, applicable to substantive
18 rules (notwithstanding subsections (a)(2), (b)(B), and
19 (d)(3) of such section).”.

1 **TITLE II—SECTION 8 RENTAL** 2 **ASSISTANCE**

3 **SEC. 201. MERGER OF THE CERTIFICATE AND VOUCHER** 4 **PROGRAMS.**

5 (a) *IN GENERAL.*—Section 8(o) of the United States
6 Housing Act of 1937 (42 U.S.C. 1437f(o)) is amended to
7 read as follows:

8 “(o) *VOUCHER PROGRAM.*—

9 “(1) *PAYMENT STANDARD.*—

10 “(A) *IN GENERAL.*—The Secretary may
11 provide assistance to public housing agencies for
12 tenant-based assistance using a payment stand-
13 ard established in accordance with subparagraph
14 (B). The payment standard shall be used to de-
15 termine the monthly assistance that may be paid
16 for any family, as provided in paragraph (2).

17 “(B) *ESTABLISHMENT OF PAYMENT STAND-*
18 *ARD.*—Except as provided under subparagraph
19 (D), the payment standard shall not exceed 110
20 percent of the fair market rental established
21 under subsection (c) and shall be not less than
22 90 percent of that fair market rental.

23 “(C) *SET-ASIDE.*—The Secretary may set
24 aside not more than 5 percent of the budget au-
25 thority available under this subsection as an ad-

1 *justment pool. The Secretary shall use amounts*
2 *in the adjustment pool to make adjusted pay-*
3 *ments to public housing agencies under subpara-*
4 *graph (A), to ensure continued affordability, if*
5 *the Secretary determines that additional assist-*
6 *ance for such purpose is necessary, based on doc-*
7 *umentation submitted by a public housing agen-*
8 *cy.*

9 *“(D) APPROVAL.—The Secretary may re-*
10 *quire a public housing agency to submit the pay-*
11 *ment standard of the public housing agency to*
12 *the Secretary for approval, if the payment stand-*
13 *ard is less than 90 percent of the fair market*
14 *rent or exceeds 110 percent of the fair market*
15 *rent.*

16 *“(E) REVIEW.—The Secretary—*

17 *“(i) shall monitor rent burdens and re-*
18 *view any payment standard that results in*
19 *a significant percentage of the families oc-*
20 *cupying units of any size paying more than*
21 *30 percent of adjusted income for rent; and*

22 *“(ii) may require a public housing*
23 *agency to modify the payment standard of*
24 *the public housing agency based on the re-*
25 *sults of that review.*

1 “(2) *AMOUNT OF MONTHLY ASSISTANCE PAY-*
2 *MENT.*—

3 “(A) *FAMILIES RECEIVING TENANT-BASED*
4 *ASSISTANCE; RENT DOES NOT EXCEED PAYMENT*
5 *STANDARD.*—*For a family receiving tenant-based*
6 *assistance under this title, if the rent for that*
7 *family (including the amount allowed for ten-*
8 *ant-paid utilities) does not exceed the payment*
9 *standard established under paragraph (1), the*
10 *monthly assistance payment to that family shall*
11 *be equal to the amount by which the rent exceeds*
12 *the greatest of the following amounts, rounded to*
13 *the nearest dollar:*

14 “(i) *Thirty percent of the monthly ad-*
15 *justed income of the family.*

16 “(ii) *Ten percent of the monthly in-*
17 *come of the family.*

18 “(iii) *If the family is receiving pay-*
19 *ments for welfare assistance from a public*
20 *agency and a part of those payments, ad-*
21 *justed in accordance with the actual hous-*
22 *ing costs of the family, is specifically des-*
23 *ignated by that agency to meet the housing*
24 *costs of the family, the portion of those pay-*
25 *ments that is so designated.*

1 “(B) *FAMILIES RECEIVING TENANT-BASED*
 2 *ASSISTANCE; RENT EXCEEDS PAYMENT STAND-*
 3 *ARD.—For a family receiving tenant-based as-*
 4 *sistance under this title, if the rent for that fam-*
 5 *ily (including the amount allowed for tenant-*
 6 *paid utilities) exceeds the payment standard es-*
 7 *tablished under paragraph (1), the monthly as-*
 8 *sistance payment to that family shall be equal to*
 9 *the amount by which the applicable payment*
 10 *standard exceeds the greatest of the following*
 11 *amounts, rounded to the nearest dollar:*

12 “(i) *Thirty percent of the monthly ad-*
 13 *justed income of the family.*

14 “(ii) *Ten percent of the monthly in-*
 15 *come of the family.*

16 “(iii) *If the family is receiving pay-*
 17 *ments for welfare assistance from a public*
 18 *agency and a part of those payments, ad-*
 19 *justed in accordance with the actual hous-*
 20 *ing costs of the family, is specifically des-*
 21 *ignated by that agency to meet the housing*
 22 *costs of the family, the portion of those pay-*
 23 *ments that is so designated.*

24 “(C) *FAMILIES RECEIVING PROJECT-BASED*
 25 *ASSISTANCE.—For a family receiving project-*

1 *based assistance under this title, the rent that the*
 2 *family is required to pay shall be determined in*
 3 *accordance with section 3(a)(1), and the amount*
 4 *of the housing assistance payment shall be deter-*
 5 *mined in accordance with subsection (c)(3) of*
 6 *this section.*

7 *“(3) FORTY PERCENT LIMIT.—At the time a*
 8 *family initially receives tenant-based assistance under*
 9 *this title with respect to any dwelling unit, the total*
 10 *amount that a family may be required to pay for rent*
 11 *may not exceed 40 percent of the monthly adjusted in-*
 12 *come of the family.*

13 *“(4) ELIGIBLE FAMILIES.—At the time a family*
 14 *initially receives assistance under this subsection, a*
 15 *family shall qualify as—*

16 *“(A) a very low-income family;*

17 *“(B) a family previously assisted under this*
 18 *title;*

19 *“(C) a low-income family that meets eligi-*
 20 *bility criteria specified by the public housing*
 21 *agency;*

22 *“(D) a family that qualifies to receive a*
 23 *voucher in connection with a homeownership*
 24 *program approved under title IV of the Cran-*

1 *ston-Gonzalez National Affordable Housing Act;*
 2 *or*

3 *“(E) a family that qualifies to receive a*
 4 *voucher under section 223 or 226 of the Low-In-*
 5 *come Housing Preservation and Resident Home-*
 6 *ownership Act of 1990.*

7 *“(5) ANNUAL REVIEW OF FAMILY INCOME.—Each*
 8 *public housing agency shall, not less frequently than*
 9 *annually, conduct a review of the family income of*
 10 *each family receiving assistance under this subsection.*

11 *“(6) SELECTION OF FAMILIES.—*

12 *“(A) IN GENERAL.—Each public housing*
 13 *agency may establish local preferences consistent*
 14 *with the public housing agency plan submitted*
 15 *by the public housing agency under section 5A.*

16 *“(B) SELECTION OF TENANTS.—The selec-*
 17 *tion of tenants shall be made by the owner of the*
 18 *dwelling unit, subject to the annual contribu-*
 19 *tions contract between the Secretary and the*
 20 *public housing agency.*

21 *“(7) LEASE.—Each housing assistance payment*
 22 *contract entered into by the public housing agency*
 23 *and the owner of a dwelling unit—*

1 “(A) shall provide that the screening and se-
2 lection of families for those units shall be the
3 function of the owner;

4 “(B) shall provide that the lease between the
5 tenant and the owner shall be for a term of not
6 less than 1 year, except that the public housing
7 agency may approve a shorter term for an ini-
8 tial lease between the tenant and the dwelling
9 unit owner if the public housing agency deter-
10 mines that such shorter term would improve
11 housing opportunities for the tenant and if such
12 shorter term is considered to be an acceptable
13 local market practice;

14 “(C) shall provide that the dwelling unit
15 owner shall offer leases to tenants assisted under
16 this subsection that—

17 “(i) are in a standard form used in the
18 locality by the dwelling unit owner; and

19 “(ii) contain terms and conditions
20 that—

21 “(I) are consistent with State and
22 local law; and

23 “(II) apply generally to tenants
24 in the property who are not assisted
25 under this section;

1 “(D) shall provide that the dwelling unit
 2 owner may not terminate the tenancy of any
 3 person assisted under this subsection during the
 4 term of a lease that meets the requirements of
 5 this section unless the owner determines, on the
 6 same basis and in the same manner as would
 7 apply to a tenant in the property who does not
 8 receive assistance under this subsection, that—

9 “(i) the tenant has committed a serious
 10 or repeated violation of the terms and con-
 11 ditions of the lease;

12 “(ii) the tenant has violated applicable
 13 Federal, State, or local law; or

14 “(iii) other good cause for termination
 15 of the tenancy exists;

16 “(E) shall provide that any termination of
 17 tenancy under this subsection shall be preceded
 18 by the provision of written notice by the owner
 19 to the tenant specifying the grounds for that ac-
 20 tion, and any relief shall be consistent with ap-
 21 plicable State and local law; and

22 “(F) may include any addenda appropriate
 23 to set forth the provisions of this title.

24 “(8) INSPECTION OF UNITS BY PUBLIC HOUSING
 25 AGENCIES.—

1 “(A) *IN GENERAL.*—*Except as provided in*
 2 *subparagraph (B), for each dwelling unit for*
 3 *which a housing assistance payment contract is*
 4 *established under this subsection, the public*
 5 *housing agency shall—*

6 “(i) *inspect the unit before any assist-*
 7 *ance payment is made to determine whether*
 8 *the dwelling unit meets housing quality*
 9 *standards for decent safe housing estab-*
 10 *lished—*

11 “(I) *by the Secretary for purposes*
 12 *of this subsection; or*

13 “(II) *by local housing codes or by*
 14 *codes adopted by public housing agen-*
 15 *cies that—*

16 “(aa) *meet or exceed housing*
 17 *quality standards; and*

18 “(bb) *do not severely restrict*
 19 *housing choice; and*

20 “(ii) *make not less than annual inspec-*
 21 *tions during the contract term.*

22 “(B) *LEASING OF UNITS OWNED BY PUBLIC*
 23 *HOUSING AGENCY.*—*If an eligible family assisted*
 24 *under this subsection leases a dwelling unit*
 25 *(other than public housing) that is owned by a*

1 *public housing agency administering assistance*
 2 *under this subsection, the Secretary shall require*
 3 *the unit of general local government, or another*
 4 *entity approved by the Secretary, to make in-*
 5 *spections and rent determinations as required by*
 6 *this paragraph.*

7 “(9) *VACATED UNITS.*—*If an assisted family va-*
 8 *cates a dwelling unit for which rental assistance is*
 9 *provided under a housing assistance contract before*
 10 *the expiration of the term of the lease for the unit,*
 11 *rental assistance pursuant to such contract may not*
 12 *be provided for the unit after the month during which*
 13 *the unit was vacated.*

14 “(10) *RENT.*—

15 “(A) *REASONABLE MARKET RENT.*—*The*
 16 *rent for dwelling units for which a housing as-*
 17 *sistance payment contract is established under*
 18 *this subsection shall be reasonable in comparison*
 19 *with rents charged for comparable dwelling units*
 20 *in the private, unassisted, local market, or for*
 21 *comparable dwelling units that are in the as-*
 22 *sisted, local market.*

23 “(B) *NEGOTIATED RENT.*—*A public housing*
 24 *agency shall, at the request of a family receiving*
 25 *tenant-based assistance under this subsection, as-*

1 *sist that family in negotiating a reasonable rent*
2 *with a dwelling unit owner. A public housing*
3 *agency shall review the rent for a unit under*
4 *consideration by the family (and all rent in-*
5 *creases for units under lease by the family) to*
6 *determine whether the rent (or rent increase) re-*
7 *quested by the owner is reasonable. If a public*
8 *housing agency determines that the rent (or rent*
9 *increase) for a dwelling unit is not reasonable,*
10 *the public housing agency shall not make hous-*
11 *ing assistance payments to the owner under this*
12 *subsection with respect to that unit.*

13 “(C) *UNITS EXEMPT FROM LOCAL RENT*
14 *CONTROL.—If a dwelling unit for which a hous-*
15 *ing assistance payment contract is established*
16 *under this subsection is exempt from local rent*
17 *control provisions during the term of that con-*
18 *tract, the rent for that unit shall be reasonable*
19 *in comparison with other units in the market*
20 *area that are exempt from local rent control pro-*
21 *visions.*

22 “(D) *TIMELY PAYMENTS.—Each public*
23 *housing agency shall make timely payment of*
24 *any amounts due to a dwelling unit owner*
25 *under this subsection. The housing assistance*

1 *payment contract between the owner and the*
2 *public housing agency may provide for penalties*
3 *for the late payment of amounts due under the*
4 *contract, which shall be imposed on the public*
5 *housing agency in accordance with generally ac-*
6 *cepted practices in the local housing market.*

7 *“(E) PENALTIES.—Unless otherwise author-*
8 *ized by the Secretary, each public housing agen-*
9 *cy shall pay any penalties from administrative*
10 *fees collected by the public housing agency, except*
11 *that no penalty shall be imposed if the late pay-*
12 *ment is due to factors that the Secretary deter-*
13 *mines are beyond the control of the public hous-*
14 *ing agency.*

15 *“(11) MANUFACTURED HOUSING.—*

16 *“(A) IN GENERAL.—A public housing agen-*
17 *cy may make assistance payments in accordance*
18 *with this subsection on behalf of a family that*
19 *utilizes a manufactured home as a principal*
20 *place of residence. Such payments may be made*
21 *for the rental of the real property on which the*
22 *manufactured home owned by any such family is*
23 *located.*

24 *“(B) RENT CALCULATION.—*

1 “(i) *CHARGES INCLUDED.*—*For assist-*
 2 *ance pursuant to this paragraph, the rent*
 3 *for the space on which a manufactured*
 4 *home is located and with respect to which*
 5 *assistance payments are to be made shall*
 6 *include maintenance and management*
 7 *charges and tenant-paid utilities.*

8 “(ii) *PAYMENT STANDARD.*—*The public*
 9 *housing agency shall establish a payment*
 10 *standard for the purpose of determining the*
 11 *monthly assistance that may be paid for*
 12 *any family under this paragraph. The pay-*
 13 *ment standard may not exceed an amount*
 14 *approved or established by the Secretary.*

15 “(iii) *MONTHLY ASSISTANCE PAY-*
 16 *MENT.*—*The monthly assistance payment*
 17 *under this paragraph shall be determined in*
 18 *accordance with paragraph (2).*

19 “(12) *CONTRACT FOR ASSISTANCE PAYMENTS.*—

20 “(A) *IN GENERAL.*—*If the Secretary enters*
 21 *into an annual contributions contract under this*
 22 *subsection with a public housing agency pursu-*
 23 *ant to which the public housing agency will*
 24 *enter into a housing assistance payment contract*

1 *with respect to an existing structure under this*
 2 *subsection—*

3 “(i) *the housing assistance payment*
 4 *contract may not be attached to the struc-*
 5 *ture unless the owner agrees to rehabilitate*
 6 *or newly construct the structure other than*
 7 *with assistance under this Act, and other-*
 8 *wise complies with this section; and*

9 “(ii) *the public housing agency may*
 10 *approve a housing assistance payment con-*
 11 *tract for such existing structure for not*
 12 *more than 15 percent of the funding avail-*
 13 *able for tenant-based assistance adminis-*
 14 *tered by the public housing agency under*
 15 *this section.*

16 “(B) *EXTENSION OF CONTRACT TERM.—In*
 17 *the case of a housing assistance payment con-*
 18 *tract that applies to a structure under this para-*
 19 *graph, a public housing agency may enter into*
 20 *a contract with the owner, contingent upon the*
 21 *future availability of appropriated funds for the*
 22 *purpose of renewing expiring contracts for assist-*
 23 *ance payments, as provided in appropriations*
 24 *Acts, to extend the term of the underlying hous-*
 25 *ing assistance payment contract for such period*

1 *as the Secretary determines to be appropriate to*
 2 *achieve long-term affordability of the housing.*
 3 *The contract shall obligate the owner to have*
 4 *such extensions of the underlying housing assist-*
 5 *ance payment contract accepted by the owner*
 6 *and the successors in interest of the owner.*

7 “(C) *RENT CALCULATION.*—*For project-*
 8 *based assistance under this paragraph, housing*
 9 *assistance payment contracts shall establish rents*
 10 *and provide for rent adjustments in accordance*
 11 *with subsection (c).*

12 “(D) *ADJUSTED RENTS.*—*With respect to*
 13 *rents adjusted under this paragraph—*

14 “(i) *the adjusted rent for any unit*
 15 *shall be reasonable in comparison with*
 16 *rents charged for comparable dwelling units*
 17 *in the private, unassisted, local market, or*
 18 *for comparable dwelling units that are in*
 19 *the assisted local market; and*

20 “(ii) *the provisions of subsection*
 21 *(c)(2)(C) do not apply.*

22 “(13) *INAPPLICABILITY TO TENANT-BASED AS-*
 23 *SISTANCE.*—*Subsection (c) does not apply to tenant-*
 24 *based assistance under this subsection.*

25 “(14) *HOMEOWNERSHIP OPTION.*—

1 “(A) *IN GENERAL.*—A public housing agen-
 2 cy providing assistance under this subsection
 3 may, at the option of the agency, provide assist-
 4 ance for homeownership under subsection (y).

5 “(B) *ALTERNATIVE ADMINISTRATION.*—A
 6 public housing agency may contract with a non-
 7 profit organization to administer a homeowner-
 8 ship program under subsection (y).

9 “(15) *RENTAL VOUCHERS FOR WITNESS RELOCA-*
 10 *TION.*—Of amounts made available for assistance
 11 under this subsection in each fiscal year, the Sec-
 12 retary, in consultation with the Inspector General,
 13 shall make available such sums as may be necessary
 14 for the relocation of witnesses in connection with ef-
 15 forts to combat crime in public and assisted housing
 16 pursuant to requests from law enforcement or prosecu-
 17 tion agencies.”.

18 (b) *CONFORMING AMENDMENT.*—Section 8(f)(6) of the
 19 United States Housing Act (42 U.S.C. 1437f(f)(6)) is
 20 amended by striking “(d)(2)” and inserting “(o)(12)”.

21 **SEC. 202. REPEAL OF FEDERAL PREFERENCES.**

22 (a) *SECTION 8 EXISTING AND MODERATE REHABILI-*
 23 *TATION.*—Section 8(d)(1)(A) of the United States Housing
 24 Act of 1937 (42 U.S.C. 1437f(d)(1)(A)) is amended to read
 25 as follows:

1 “(A) the selection of tenants shall be the function
 2 of the owner, subject to the annual contributions con-
 3 tract between the Secretary and the agency, except
 4 that with respect to the certificate and moderate reha-
 5 bilitation programs only, for the purpose of selecting
 6 families to be assisted, the public housing agency may
 7 establish local preferences, consistent with the public
 8 housing agency plan submitted by the public housing
 9 agency under section 5A;”.

10 (b) SECTION 8 NEW CONSTRUCTION AND SUBSTANTIAL
 11 REHABILITATION.—

12 (1) REPEAL.—Section 545(c) of the Cranston-
 13 Gonzalez National Affordable Housing Act (42 U.S.C.
 14 1437f note) is amended to read as follows:

15 “(c) [Reserved.]”.

16 (2) PROHIBITION.—The provisions of section
 17 8(e)(2) of the United States Housing Act of 1937, as
 18 in existence on the day before October 1, 1983, that
 19 require tenant selection preferences shall not apply
 20 with respect to—

21 (A) housing constructed or substantially re-
 22 habilitated pursuant to assistance provided
 23 under section 8(b)(2) of the United States Hous-
 24 ing Act of 1937, as in existence on the day before
 25 October 1, 1983; or

1 (B) projects financed under section 202 of
 2 the Housing Act of 1959, as in existence on the
 3 day before the date of enactment of the Cranston-
 4 Gonzalez National Affordable Housing Act.

5 (c) *RENT SUPPLEMENTS*.—Section 101(k) of the Hous-
 6 ing and Urban Development Act of 1965 (42 U.S.C.
 7 1701s(k)) is amended to read as follows:

8 “(k) [Reserved.]”.

9 (d) *CONFORMING AMENDMENTS*.—

10 (1) *UNITED STATES HOUSING ACT OF 1937*.—The
 11 United States Housing Act of 1937 (42 U.S.C. 1437
 12 et seq.) is amended—

13 (A) in section 6(o), by striking “preference
 14 rules specified in” and inserting “written selec-
 15 tion criteria established pursuant to”;

16 (B) in section 8(d)(2)(A), by striking the
 17 last sentence; and

18 (C) in section 8(d)(2)(H), by striking “Not-
 19 withstanding subsection (d)(1)(A)(i), an” and
 20 inserting “An”.

21 (2) *CRANSTON-GONZALEZ NATIONAL AFFORD-
 22 ABLE HOUSING ACT*.—The Cranston-Gonzalez Na-
 23 tional Affordable Housing Act (42 U.S.C. 12704 et
 24 seq.) is amended—

1 (A) in section 455(a)(2)(D)(iii), by striking
 2 “would qualify for a preference under” and in-
 3 serting “meet the written selection criteria estab-
 4 lished pursuant to”; and

5 (B) in section 522(f)(6)(B), by striking
 6 “any preferences for such assistance under sec-
 7 tion 8(d)(1)(A)(i)” and inserting “the written se-
 8 lection criteria established pursuant to section
 9 8(d)(1)(A)”.

10 (3) *LOW-INCOME HOUSING PRESERVATION AND*
 11 *RESIDENT HOMEOWNERSHIP ACT OF 1990.*—*The sec-*
 12 *ond sentence of section 226(b)(6)(B) of the Low-In-*
 13 *come Housing Preservation and Resident Home-*
 14 *ownership Act of 1990 (12 U.S.C. 4116(b)(6)(B)) is*
 15 *amended by striking “requirement for giving pref-*
 16 *erences to certain categories of eligible families under”*
 17 *and inserting “written selection criteria established*
 18 *pursuant to”.*

19 (4) *HOUSING AND COMMUNITY DEVELOPMENT*
 20 *ACT OF 1992.*—*Section 655 of the Housing and Com-*
 21 *munity Development Act of 1992 (42 U.S.C. 13615)*
 22 *is amended by striking “preferences for occupancy”*
 23 *and all that follows before the period at the end and*
 24 *inserting “selection criteria established by the owner*
 25 *to elderly families according to such written selection*

1 *criteria, and to near-elderly families according to*
 2 *such written selection criteria, respectively”.*

3 (5) *REFERENCES IN OTHER LAW.*—*Any reference*
 4 *in any Federal law other than any provision of any*
 5 *law amended by paragraphs (1) through (5) of this*
 6 *subsection or section 201 to the preferences for assist-*
 7 *ance under section 8(d)(1)(A)(i) or 8(o)(3)(B) of the*
 8 *United States Housing Act of 1937, as those sections*
 9 *existed on the day before the effective date of this title,*
 10 *shall be considered to refer to the written selection cri-*
 11 *teria established pursuant to section 8(d)(1)(A) or*
 12 *8(o)(6)(A), respectively, of the United States Housing*
 13 *Act of 1937, as amended by this subsection and sec-*
 14 *tion 201 of this Act.*

15 **SEC. 203. PORTABILITY.**

16 *Section 8(r) of the United States Housing Act of 1937*
 17 *(42 U.S.C. 1437f(r)) is amended—*

18 (1) *in paragraph (1)—*

19 (A) *by striking “assisted under subsection*
 20 *(b) or (o)” and inserting “receiving tenant-based*
 21 *assistance under subsection (o)”;* and

22 (B) *by striking “the same State” and all*
 23 *that follows before the semicolon and inserting*
 24 *“any area in which a program is being adminis-*
 25 *tered under this section”;*

1 (2) *in paragraph (2), by striking the last sen-*
 2 *tence;*

3 (3) *in paragraph (3)—*

4 (A) *by striking “(b) or”; and*

5 (B) *by adding at the end the following:*

6 *“The Secretary shall establish procedures for the*
 7 *compensation of public housing agencies that*
 8 *issue vouchers to families that move into or out*
 9 *of the jurisdiction of the public housing agency*
 10 *under portability procedures. The Secretary may*
 11 *reserve amounts available for assistance under*
 12 *subsection (o) to compensate those public housing*
 13 *agencies.”; and*

14 (4) *by adding at the end the following:*

15 *“(5) LEASE VIOLATIONS.—A family may not receive*
 16 *a voucher from a public housing agency and move to an-*
 17 *other jurisdiction under the tenant-based assistance pro-*
 18 *gram if the family has moved out of the assisted dwelling*
 19 *unit of the family in violation of a lease.”.*

20 **SEC. 204. LEASING TO VOUCHER HOLDERS.**

21 *Section 8(t) of the United States Housing Act of 1937*
 22 *(42 U.S.C. 1437f(t)) is amended to read as follows:*

23 *“(t) [Reserved.]”.*

1 **SEC. 205. HOMEOWNERSHIP OPTION.**

2 *Section 8(y) of the United States Housing Act of 1937*
 3 *(42 U.S.C. 1437f(y)) is amended—*

4 *(1) in paragraph (1)—*

5 *(A) by striking “A family receiving” and*
 6 *all that follows through “if the family” and in-*
 7 *serting the following: “A public housing agency*
 8 *providing tenant-based assistance on behalf of an*
 9 *eligible family under this section may provide*
 10 *assistance for an eligible family that purchases a*
 11 *dwelling unit (including a unit under a lease-*
 12 *purchase agreement) that will be owned by 1 or*
 13 *more members of the family, and will be occu-*
 14 *pied by the family, if the family”;*

15 *(B) in subparagraph (A), by inserting be-*
 16 *fore the semicolon “, or owns or is acquiring*
 17 *shares in a cooperative”; and*

18 *(C) in subparagraph (B), by striking “(i)*
 19 *participates” and all that follows through “(ii)*
 20 *demonstrates” and inserting “demonstrates”;*

21 *(2) by striking paragraph (2) and inserting the*
 22 *following:*

23 *“(2) DETERMINATION OF AMOUNT OF ASSIST-*
 24 *ANCE.—*

25 *“(A) MONTHLY EXPENSES DO NOT EXCEED*
 26 *PAYMENT STANDARD.—If the monthly home-*

1 *ownership expenses, as determined in accordance*
 2 *with requirements established by the Secretary,*
 3 *do not exceed the payment standard, the monthly*
 4 *assistance payment shall be the amount by which*
 5 *the homeownership expenses exceed the highest of*
 6 *the following amounts, rounded to the nearest*
 7 *dollar:*

8 *“(i) Thirty percent of the monthly ad-*
 9 *justed income of the family.*

10 *“(ii) Ten percent of the monthly in-*
 11 *come of the family.*

12 *“(iii) If the family is receiving pay-*
 13 *ments for welfare assistance from a public*
 14 *agency, and a portion of those payments,*
 15 *adjusted in accordance with the actual*
 16 *housing costs of the family, is specifically*
 17 *designated by that agency to meet the hous-*
 18 *ing costs of the family, the portion of those*
 19 *payments that is so designated.*

20 *“(B) MONTHLY EXPENSES EXCEED PAY-*
 21 *MENT STANDARD.—If the monthly homeowner-*
 22 *ship expenses, as determined in accordance with*
 23 *requirements established by the Secretary, exceed*
 24 *the payment standard, the monthly assistance*
 25 *payment shall be the amount by which the appli-*

1 *cable payment standard exceeds the highest of the*
 2 *following amounts, rounded to the nearest dollar:*

3 “(i) *Thirty percent of the monthly ad-*
 4 *justed income of the family.*

5 “(ii) *Ten percent of the monthly in-*
 6 *come of the family.*

7 “(iii) *If the family is receiving pay-*
 8 *ments for welfare assistance from a public*
 9 *agency and a part of those payments, ad-*
 10 *justed in accordance with the actual hous-*
 11 *ing costs of the family, is specifically des-*
 12 *ignated by that agency to meet the housing*
 13 *costs of the family, the portion of those pay-*
 14 *ments that is so designated.”;*

15 (4) *by striking paragraphs (3) through (5); and*

16 (5) *by redesignating paragraphs (6) through (8)*

17 *as paragraphs (3) through (5), respectively.*

18 **SEC. 206. LAW ENFORCEMENT AND SECURITY PERSONNEL**

19 **IN PUBLIC HOUSING.**

20 *Section 8 of the United States Housing Act of 1937*

21 *(42 U.S.C. 1437f) is amended by adding at the end the fol-*

22 *lowing:*

23 “(cc) *LAW ENFORCEMENT AND SECURITY PERSON-*

24 *NEL.—Notwithstanding any other provision of this Act, an*

25 *owner may admit, and assistance may be provided to, po-*

1 *lice officers and other security personnel (who are not other-*
 2 *wise eligible for assistance under the Act), in the case of*
 3 *assistance attached to a structure. In addition, the Sec-*
 4 *retary may permit such special rent requirements to be ac-*
 5 *companied by other terms and conditions of occupancy that*
 6 *the Secretary may consider appropriate and may require*
 7 *the owner to submit an application for special rent require-*
 8 *ments which shall include such information as the Sec-*
 9 *retary, in the discretion of the Secretary, determines to be*
 10 *necessary.”.*

11 **SEC. 207. TECHNICAL AND CONFORMING AMENDMENTS.**

12 (a) *LOWER INCOME HOUSING ASSISTANCE.*—Section
 13 8 of the United States Housing Act of 1937 (42 U.S.C.
 14 1437f) is amended—

15 (1) in subsection (a), by striking the second and
 16 third sentences;

17 (2) in subsection (b)—

18 (A) in the subsection heading, by striking

19 “RENTAL CERTIFICATES AND”; and

20 (B) in the first undesignated paragraph—

21 (i) by striking “The Secretary” and
 22 inserting the following:

23 “(1) *IN GENERAL.*—The Secretary”; and

24 (ii) by striking the second sentence;

25 (3) in subsection (c)—

1 (A) in paragraph (3)—

2 (i) by striking “(A)”; and

3 (ii) by striking subparagraph (B);

4 (B) in the first sentence of paragraph (4),
5 by striking “or by a family that qualifies to re-
6 ceive” and all that follows through “1990”;

7 (C) by striking paragraph (5) and redesign-
8 ating paragraph (6) as paragraph (5);

9 (D) by striking paragraph (7) and redesign-
10 ating paragraphs (8) through (10) as para-
11 graphs (6) through (8), respectively;

12 (E) effective on October 1, 1997, in para-
13 graph (7), as redesignated, by striking “housing
14 certificates or vouchers under subsection (b) or”
15 and inserting “a voucher under subsection”; and

16 (F) in paragraph (8), as redesignated, by
17 striking “(9)” and inserting “(7)”;

18 (4) in subsection (d)—

19 (A) in paragraph (1)(B)(iii), by striking
20 “drug-related criminal activity or or near such
21 premises” and inserting “violent or drug-related
22 criminal activity on or off such premises, or any
23 activity resulting in a felony conviction”;

24 (B) in paragraph (2)—

1 (i) in subparagraph (A), by striking
2 the third sentence and all that follows
3 through the end of the subparagraph; and

4 (ii) by striking subparagraphs (B)
5 through (E) and redesignating subpara-
6 graphs (F) through (H) as subparagraphs
7 (B) through (D), respectively;

8 (5) in subsection (f)—

9 (A) in paragraph (6), by striking “(d)(2)”
10 and inserting “(o)(11)”; and

11 (B) in paragraph (7)—

12 (i) by striking “(b) or”; and

13 (ii) by inserting before the period the
14 following: “and that provides for the eligible
15 family to select suitable housing and to
16 move to other suitable housing”;

17 (6) by striking subsection (j) and inserting the
18 following:

19 “(j) [Reserved.]”;

20 (7) by striking subsection (n) and inserting the
21 following:

22 “(n) [Reserved.]”;

23 (8) in subsection (q)—

24 (A) in the first sentence of paragraph (1),
25 by striking “certificate and housing voucher pro-

1 grams under subsections (b) and (o)” and insert-
2 ing “voucher program under this section”;

3 (B) in paragraph (2)(A)(i), by striking
4 “certificate and housing voucher programs under
5 subsections (b) and (o)” and inserting “voucher
6 program under this section”; and

7 (C) in paragraph (2)(B), by striking “cer-
8 tificate and housing voucher programs under
9 subsections (b) and (o)” and inserting “voucher
10 program under this section”;

11 (9) in subsection (u)—

12 (A) in paragraph (2), by striking “, certifi-
13 cates”; and

14 (B) by striking “certificates or” each place
15 that term appears; and

16 (10) in subsection (x)(2), by striking “housing
17 certificate assistance” and inserting “tenant-based as-
18 sistance”.

19 (b) *PUBLIC HOUSING HOMEOWNERSHIP AND MANAGE-*
20 *MENT OPPORTUNITIES.*—Section 21(b)(3) of the United
21 States Housing Act of 1937 (42 U.S.C. 1437s(b)(3)) is
22 amended—

23 (1) in the first sentence, by striking “(at the op-
24 tion of the family) a certificate under section 8(b)(1)

1 or a housing voucher under section 8(o)” and insert-
 2 ing “tenant-based assistance under section 8”; and
 3 (2) by striking the second sentence.

4 (c) *DOCUMENTATION OF EXCESSIVE RENT BUR-*
 5 *DENS.*—Section 550(b) of the Cranston-Gonzalez National
 6 *Affordable Housing Act* (42 U.S.C. 1437f note) is amend-
 7 *ed—*

8 (1) in paragraph (1), by striking “assisted under
 9 the certificate and voucher programs established” and
 10 inserting “receiving tenant-based assistance”;

11 (2) in the first sentence of paragraph (2)—

12 (A) by striking “, for each of the certificate
 13 program and the voucher program” and insert-
 14 ing “for the tenant-based assistance under sec-
 15 tion 8”; and

16 (B) by striking “participating in the pro-
 17 gram” and inserting “receiving tenant-based as-
 18 sistance”; and

19 (3) in paragraph (3), by striking “assistance
 20 under the certificate or voucher program” and insert-
 21 ing “tenant-based assistance under section 8 of the
 22 United States Housing Act of 1937”.

23 (d) *GRANTS FOR COMMUNITY RESIDENCES AND SERV-*
 24 *ICES.*—Section 861(b)(1)(D) of the Cranston-Gonzalez Na-
 25 *tional Affordable Housing Act* (42 U.S.C. 12910(b)(1)(D))

1 *is amended by striking “certificates or vouchers” and in-*
 2 *serting “assistance”.*

3 (e) *SECTION 8 CERTIFICATES AND VOUCHERS.—Sec-*
 4 *tion 931 of the Cranston-Gonzalez National Affordable*
 5 *Housing Act (42 U.S.C. 1437c note) is amended by striking*
 6 *“assistance under the certificate and voucher programs*
 7 *under sections 8(b) and (o) of such Act” and inserting “ten-*
 8 *ant-based assistance under section 8 of the United States*
 9 *Housing Act of 1937”.*

10 (f) *ASSISTANCE FOR DISPLACED RESIDENTS.—Section*
 11 *223(a) of the Housing and Community Development Act*
 12 *of 1987 (12 U.S.C. 4113(a)) is amended by striking “assist-*
 13 *ance under the certificate and voucher programs under sec-*
 14 *tions 8(b) and 8(o)” and inserting “tenant-based assistance*
 15 *under section 8”.*

16 (g) *RURAL HOUSING PRESERVATION GRANTS.—Sec-*
 17 *tion 533(a) of the Housing Act of 1949 (42 U.S.C.*
 18 *1490m(a)) is amended in the second sentence by striking*
 19 *“assistance payments as provided by section 8(o)” and in-*
 20 *serting “tenant-based assistance as provided under section*
 21 *8”.*

22 (h) *REPEAL OF MOVING TO OPPORTUNITIES FOR FAIR*
 23 *HOUSING DEMONSTRATION.—Section 152 of the Housing*
 24 *and Community Development Act of 1992 (42 U.S.C. 1437f*
 25 *note) is repealed.*

1 (i) *PREFERENCES FOR ELDERLY FAMILIES AND PER-*
 2 *SONS.—Section 655 of the Housing and Community Devel-*
 3 *opment Act of 1992 (42 U.S.C. 13615) is amended by strik-*
 4 *ing “the first sentence of section 8(o)(3)(B)” and inserting*
 5 *“section 8(o)(6)(A)”.*

6 (j) *ASSISTANCE FOR TROUBLED MULTIFAMILY HOUS-*
 7 *ING PROJECTS.—Section 201(m)(2)(A) of the Housing and*
 8 *Community Development Amendments of 1978 (12 U.S.C.*
 9 *1715z–1a(m)(2)(A)) is amended by striking “section*
 10 *8(b)(1)” and inserting “section 8”.*

11 (k) *MANAGEMENT AND DISPOSITION OF MULTIFAMILY*
 12 *HOUSING PROJECTS.—Section 203(g)(2) of the Housing*
 13 *and Community Development Amendments of 1978 (12*
 14 *U.S.C. 1701z–11(g)(2)) is amended by striking*
 15 *“8(o)(3)(B)” and inserting “8(o)(6)(A)”.*

16 **SEC. 208. IMPLEMENTATION.**

17 *In accordance with the negotiated rulemaking proce-*
 18 *dures set forth in subchapter III of chapter 5 of title 5,*
 19 *United States Code, the Secretary shall issue such regula-*
 20 *tions as may be necessary to implement the amendments*
 21 *made by this title after notice and opportunity for public*
 22 *comment.*

23 **SEC. 209. DEFINITION.**

24 *In this title, the term “public housing agency” has the*
 25 *same meaning as section 3 of the United States Housing*

1 *Act of 1937, except that such term shall also include any*
 2 *other nonprofit entity serving more than 1 local government*
 3 *jurisdiction that was administering the section 8 tenant-*
 4 *based assistance program pursuant to a contract with the*
 5 *Secretary or a public housing agency prior to the date of*
 6 *enactment of this Act.*

7 **SEC. 210. EFFECTIVE DATE.**

8 (a) *IN GENERAL.*—*The amendments made by this title*
 9 *shall become effective not later than 1 year after the date*
 10 *of enactment of this Act.*

11 (b) *CONVERSION ASSISTANCE.*—

12 (1) *IN GENERAL.*—*The Secretary may provide*
 13 *for the conversion of assistance under the certificate*
 14 *and voucher programs under subsections (b) and (o)*
 15 *of section 8 of the United States Housing Act of 1937,*
 16 *as those sections existed on the day before the effective*
 17 *date of the amendments made by this title, to the*
 18 *voucher program established by the amendments made*
 19 *by this title.*

20 (2) *CONTINUED APPLICABILITY.*—*The Secretary*
 21 *may apply the provisions of the United States Hous-*
 22 *ing Act of 1937, or any other provision of law amend-*
 23 *ed by this title, as those provisions existed on the day*
 24 *before the effective date of the amendments made by*
 25 *this title, to assistance obligated by the Secretary be-*

1 *fore that effective date for the certificate or voucher*
 2 *program under section 8 of the United States Hous-*
 3 *ing Act of 1937, if the Secretary determines that such*
 4 *action is necessary for simplification of program ad-*
 5 *ministration, avoidance of hardship, or other good*
 6 *cause.*

7 **SEC. 211. RECAPTURE AND REUSE OF ANNUAL CONTRIBU-**
 8 **TION CONTRACT PROJECT RESERVES UNDER**
 9 **THE TENANT-BASED ASSISTANCE PROGRAM.**

10 *Section 8(d) of the United States Housing Act of 1937*
 11 *is amended by adding at the end the following:*

12 “(5) *RECAPTURE AND REUSE OF ANNUAL CON-*
 13 *TRIBUTION CONTRACT PROJECT RESERVES.—*

14 “(A) *RECAPTURE.—To the extent that the*
 15 *Secretary determines that the amount in the an-*
 16 *nuual contribution contract reserve account under*
 17 *a contract with a public housing agency for ten-*
 18 *ant-based assistance under this section is in ex-*
 19 *cess of the amount needed by the public housing*
 20 *agency, the Secretary shall recapture such excess*
 21 *amount.*

22 “(B) *REUSE.—The Secretary may hold any*
 23 *amounts under this paragraph in reserve until*
 24 *needed to amend or renew an annual contribu-*
 25 *tions contract with any public housing agency.”.*

1 **TITLE III—SAFETY AND SECU-**
 2 **RITY IN PUBLIC AND AS-**
 3 **SISTED HOUSING**

4 **SEC. 301. SCREENING OF APPLICANTS.**

5 (a) *INELIGIBILITY BECAUSE OF PAST EVICTIONS.*—

6 (1) *IN GENERAL.*—Any household or member of
 7 a household evicted from federally assisted housing (as
 8 that term is defined in section 305(a)) by reason of
 9 drug-related criminal activity (as that term is defined
 10 in section 305(c)) or for other serious violations of the
 11 terms or conditions of the lease shall not be eligible
 12 for federally assisted housing—

13 (A) in the case of eviction by reason of
 14 drug-related criminal activity, for a period of
 15 not less than 3 years from the date of the evic-
 16 tion unless the evicted member of the household
 17 successfully completes a rehabilitation program;
 18 and

19 (B) for other evictions, for a reasonable pe-
 20 riod of time as determined by the public housing
 21 agency or owner of the federally assisted housing,
 22 as applicable.

23 (2) *WAIVER.*—The requirements of subpara-
 24 graphs (A) and (B) of paragraph (1) may be waived

1 *if the circumstances leading to eviction no longer*
 2 *exist.*

3 *(b) INELIGIBILITY OF ILLEGAL DRUG USERS AND AL-*
 4 *COHOL ABUSERS.—Notwithstanding any other provision of*
 5 *law, a public housing agency or an owner of federally as-*
 6 *sisted housing, or both, as determined by the Secretary,*
 7 *shall establish standards that prohibit admission to the pro-*
 8 *gram or admission to federally assisted housing for any*
 9 *household with a member—*

10 *(1) who the public housing agency or the owner*
 11 *determines is engaging in the illegal use of a con-*
 12 *trolled substance; or*

13 *(2) with respect to whom the public housing*
 14 *agency or the owner determines that it has reasonable*
 15 *cause to believe that such household member's illegal*
 16 *use (or pattern of illegal use) of a controlled sub-*
 17 *stance, or abuse (or pattern of abuse) of alcohol would*
 18 *interfere with the health, safety, or right to peaceful*
 19 *enjoyment of the premises by other residents.*

20 *(c) CONSIDERATION OF REHABILITATION.—In deter-*
 21 *mining whether, pursuant to subsection (b)(2), to deny ad-*
 22 *mission to the program or to federally assisted housing to*
 23 *any household based on a pattern of illegal use of a con-*
 24 *trolled substance or a pattern of abuse of alcohol by a house-*

1 *hold member, a public housing agency or an owner may*
 2 *consider whether such household member—*

3 *(1) has successfully completed a supervised drug*
 4 *or alcohol rehabilitation program (as applicable) and*
 5 *is no longer engaging in the illegal use of a controlled*
 6 *substance or abuse of alcohol (as applicable);*

7 *(2) has otherwise been rehabilitated successfully*
 8 *and is no longer engaging in the illegal use of a con-*
 9 *trolled substance or abuse of alcohol (as applicable);*
 10 *or*

11 *(3) is participating in a supervised drug or alco-*
 12 *hol rehabilitation program (as applicable) and is no*
 13 *longer engaging in the illegal use of a controlled sub-*
 14 *stance or abuse of alcohol (as applicable).*

15 *(d) ILLEGAL USE OF CONTROLLED SUBSTANCES OR*
 16 *ABUSE OF ALCOHOL.—*

17 *(1) RELEASES.—*

18 *(A) IN GENERAL.—A public housing agency*
 19 *may require each person who applies for admis-*
 20 *sion to public housing or for assistance under*
 21 *section 8(o) of the United States Housing Act of*
 22 *1937 to sign one or more appropriate releases*
 23 *authorizing the public housing agency to obtain*
 24 *written information related solely to the appli-*
 25 *cant's current illegal use (or pattern of illegal*

1 *use) of a controlled substance, or abuse (or pat-*
 2 *tern of abuse) of alcohol, in order to assist a pub-*
 3 *lic housing agency in determining an applicant's*
 4 *eligibility for such admission or assistance, in-*
 5 *cluding determining whether—*

6 *(i) the applicant is or is not illegally*
 7 *using a controlled substance; or*

8 *(ii) there is reasonable cause to believe*
 9 *that the applicant's illegal use (or pattern*
 10 *of illegal use) of a controlled substance, or*
 11 *abuse (or pattern of abuse) of alcohol, may*
 12 *interfere with the health, safety, or right to*
 13 *peaceful enjoyment of the premises by other*
 14 *residents of the project.*

15 *(B) LIMITATION.—For purposes of this*
 16 *paragraph, a public housing agency may only*
 17 *require an applicant to sign a release (or re-*
 18 *leases) if the public housing agency requires all*
 19 *of its applicants to sign such release or releases.*

20 *(2) PROVISION OF INFORMATION.—*

21 *(A) IN GENERAL.—Notwithstanding any*
 22 *other provision of law other than this subsection,*
 23 *upon the written request of a public housing*
 24 *agency that meets the requirements of subpara-*
 25 *graph (B), a physician, drug or alcohol treat-*

1 *ment center, medical center, medical clinic, de-*
 2 *toxification center, hospital, drug or alcohol*
 3 *treatment program, the National Crime Informa-*
 4 *tion Center, police department, or any other law*
 5 *enforcement agency, shall provide to the public*
 6 *housing agency information described in para-*
 7 *graph (1) with respect to an applicant.*

8 *(B) REQUIREMENTS.—For purposes of sub-*
 9 *paragraph (A) a request by a public housing*
 10 *agency meets the requirements of this subpara-*
 11 *graph if it includes a written authorization,*
 12 *signed by such applicant, for the release of infor-*
 13 *mation described in paragraph (1) to the public*
 14 *housing agency.*

15 *(3) FEE.—A public housing agency may be*
 16 *charged a reasonable fee for information provided*
 17 *under this subsection.*

18 *(4) RECORDS MANAGEMENT.—Each public hous-*
 19 *ing agency that receives information under this sub-*
 20 *section shall establish and implement a system of*
 21 *records management that ensures that any informa-*
 22 *tion received by the public housing agency under this*
 23 *subsection is—*

24 *(A) maintained confidentially;*

1 (B) not misused or improperly dissemi-
 2 nated; and

3 (C) destroyed in a timely fashion, once the
 4 purpose for which the information was requested
 5 has been accomplished.

6 (5) *LIMITATION.*—For purposes of this sub-
 7 section, a public housing agency shall be prohibited
 8 from—

9 (A) requesting any information that does
 10 not relate solely to an applicant's current illegal
 11 use (or pattern of illegal use) of a controlled sub-
 12 stance, or abuse (or pattern of abuse) of alcohol;
 13 or

14 (B) receiving the actual records from which
 15 information has been obtained related to the ap-
 16 plicant's current illegal use (or pattern of illegal
 17 use) of a controlled substance, or abuse (or pat-
 18 tern of abuse) of alcohol.

19 (6) *EFFECTIVE DATE.*—This subsection shall take
 20 effect upon enactment and without the necessity of
 21 guidance from, or regulations issued by, the Sec-
 22 retary.

23 (e) *AUTHORITY TO REQUIRE ACCESS TO CRIMINAL*
 24 *RECORDS.*—A public housing agency may require, as a con-
 25 dition of providing admission to the public housing pro-

1 *gram or assisted housing program under the jurisdiction*
 2 *of the public housing agency, that each adult member of*
 3 *the household provide a signed, written authorization for*
 4 *the public housing agency to obtain records described in sec-*
 5 *tion 304 regarding such member of the household from the*
 6 *National Crime Information Center, police departments,*
 7 *and other law enforcement agencies.*

8 **SEC. 302. TERMINATION OF TENANCY AND ASSISTANCE.**

9 (a) *TERMINATION OF TENANCY AND ASSISTANCE FOR*
 10 *ILLEGAL DRUG USERS AND ALCOHOL ABUSERS.—Notwith-*
 11 *standing any other provision of law, a public housing agen-*
 12 *cy or an owner of federally assisted housing, as applicable,*
 13 *shall establish standards or lease provisions for continued*
 14 *assistance or occupancy in federally assisted housing that*
 15 *allow a public housing agency or the owner, as applicable,*
 16 *to terminate the tenancy or assistance for any household*
 17 *with a member—*

18 (1) *who the public housing agency or owner de-*
 19 *termines is engaging in the illegal use of a controlled*
 20 *substance; or*

21 (2) *whose illegal use of a controlled substance, or*
 22 *whose abuse of alcohol, is determined by the public*
 23 *housing agency or owner to interfere with the health,*
 24 *safety, or right to peaceful enjoyment of the premises*
 25 *by other residents.*

1 (b) *TERMINATION OF ASSISTANCE FOR SERIOUS OR*
 2 *REPEATED LEASE VIOLATION.*—*Notwithstanding any other*
 3 *provision of law, the public housing agency must terminate*
 4 *tenant-based assistance for all household members if the*
 5 *household is evicted from assisted housing for serious or re-*
 6 *peated violation of the lease.*

7 **SEC. 303. LEASE REQUIREMENTS.**

8 *In addition to any other applicable lease requirements,*
 9 *each lease for a dwelling unit in federally assisted housing*
 10 *shall provide that, during the term of the lease—*

11 (1) *the owner may not terminate the tenancy ex-*
 12 *cept for serious or repeated violation of the terms and*
 13 *conditions of the lease, violation of applicable Federal,*
 14 *State, or local law, or other good cause; and*

15 (2) *grounds for termination of tenancy shall in-*
 16 *clude any activity, engaged in by the resident, any*
 17 *member of the resident's household, any guest, or any*
 18 *other person under the control of any member of the*
 19 *household, that—*

20 (A) *threatens the health or safety of, or*
 21 *right to peaceful enjoyment of the premises by,*
 22 *other residents or employees of the public housing*
 23 *agency, owner, or other manager of the housing;*

24 (B) *threatens the health or safety of, or*
 25 *right to peaceful enjoyment of their residences*

1 *by, persons residing in the immediate vicinity of*
 2 *the premises; or*

3 *(C) is drug-related or violent criminal ac-*
 4 *tivity on or off the premises, or any activity re-*
 5 *sulting in a felony conviction.*

6 **SEC. 304. AVAILABILITY OF CRIMINAL RECORDS FOR PUB-**
 7 **LIC HOUSING RESIDENT SCREENING AND**
 8 **EVICTON.**

9 *(a) IN GENERAL.—*

10 *(1) PROVISION OF INFORMATION.—Notwithstand-*
 11 *ing any other provision of law other than paragraphs*
 12 *(2) and (3), upon the request of a public housing*
 13 *agency, the National Crime Information Center, a po-*
 14 *lice department, and any other law enforcement agen-*
 15 *cy shall provide to the public housing agency infor-*
 16 *mation regarding the criminal conviction records of*
 17 *an adult applicant for, or residents of, the public*
 18 *housing program or assisted housing program under*
 19 *the jurisdiction of the public housing agency for pur-*
 20 *poses of applicant screening, lease enforcement, and*
 21 *eviction, but only if the public housing agency re-*
 22 *quests such information and presents to such Center,*
 23 *department, or agency a written authorization, signed*
 24 *by such applicant, for the release of such information*
 25 *to such public housing agency.*

1 (2) *EXCEPTION.*—A law enforcement agency de-
2 scribed in paragraph (1) shall provide information
3 under this paragraph relating to any criminal con-
4 viction of a juvenile only to the extent that the release
5 of such information is authorized under the law of the
6 applicable State, tribe, or locality.

7 (b) *OPPORTUNITY TO DISPUTE.*—Before an adverse
8 action is taken with regard to assistance for public housing
9 on the basis of a criminal record, the public housing agency
10 shall provide the resident or applicant with a copy of the
11 criminal record and an opportunity to dispute the accuracy
12 and relevance of that record.

13 (c) *FEE.*—A public housing agency may be charged
14 a reasonable fee for information provided under subsection
15 (a).

16 (d) *RECORDS MANAGEMENT.*—Each public housing
17 agency that receives criminal record information under this
18 section shall establish and implement a system of records
19 management that ensures that any criminal record received
20 by the agency is—

- 21 (1) *maintained confidentially;*
22 (2) *not misused or improperly disseminated; and*
23 (3) *destroyed in a timely fashion, once the pur-*
24 *pose for which the record was requested has been ac-*
25 *complished.*

1 (e) *DEFINITION OF ADULT.*—*In this section, the term*
 2 *“adult” means a person who is 18 years of age or older,*
 3 *or who has been convicted of a crime as an adult under*
 4 *any Federal, State, or tribal law.*

5 **SEC. 305. DEFINITIONS.**

6 *In this title:*

7 (1) *FEDERALLY ASSISTED HOUSING.*—*The term*
 8 *“federally assisted housing” means a unit in—*

9 (A) *public housing under the United States*
 10 *Housing Act of 1937;*

11 (B) *housing assisted under section 8 of the*
 12 *United States Housing Act of 1937 including*
 13 *both tenant-based assistance and project-based*
 14 *assistance;*

15 (C) *housing that is assisted under section*
 16 *202 of the Housing Act of 1959 (as amended by*
 17 *section 801 of the Cranston-Gonzalez National*
 18 *Affordable Housing Act);*

19 (D) *housing that is assisted under section*
 20 *202 of the Housing Act of 1959 (as in existence*
 21 *immediately before the date of enactment of the*
 22 *Cranston-Gonzalez National Affordable Housing*
 23 *Act); and*

1 (E) housing that is assisted under section
 2 811 of the Cranston-Gonzalez National Afford-
 3 able Housing Act.

4 (2) *DRUG-RELATED CRIMINAL ACTIVITY.*—The
 5 term “drug-related criminal activity” means the ille-
 6 gal manufacture, sale, distribution, use, or possession
 7 with intent to manufacture, sell, distribute, or use, of
 8 a controlled substance (as defined in section 102 of
 9 the Controlled Substances Act (21 U.S.C. 802)).

10 (3) *OWNER.*—The term “owner” means, with re-
 11 spect to federally assisted housing, the entity or pri-
 12 vate person, including a cooperative or public housing
 13 agency, that has the legal right to lease or sublease
 14 dwelling units in such housing.

15 **SEC. 306. CONFORMING AMENDMENTS.**

16 Section 6 of the United States Housing Act of 1937
 17 (42 U.S.C. 1437d) is amended—

18 (1) in subsection (l) (as amended by section
 19 107(f) of this Act)—

20 (A) by striking paragraphs (4) and (5);

21 (B) by striking the last sentence; and

22 (C) by redesignating paragraphs (6)
 23 through (8) as paragraphs (4) through (6), re-
 24 spectively;

25 (2) by striking subsections (q) and (r); and

(3) by redesignating subsection (s) (as added by section 109 of this Act) as subsection (q).

TITLE IV—MISCELLANEOUS PROVISIONS

SEC. 401. PUBLIC HOUSING FLEXIBILITY IN THE CHAS.

Section 105(b) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12705(b)) is amended—

(1) by redesignating the second paragraph designated as paragraph (17) (as added by section 681(2) of the Housing and Community Development Act of 1992) as paragraph (20);

(2) by redesignating paragraph (17) (as added by section 220(b)(3) of the Housing and Community Development Act of 1992) as paragraph (19);

(3) by redesignating the second paragraph designated as paragraph (16) (as added by section 220(c)(1) of the Housing and Community Development Act of 1992) as paragraph (18);

(4) in paragraph (16)—

(A) by striking the period at the end and inserting a semicolon; and

(B) by striking “(16)” and inserting “(17)”;

1 (5) by redesignating paragraphs (11) through
 2 (15) as paragraphs (12) through (16), respectively;
 3 and

4 (6) by inserting after paragraph (10) the follow-
 5 ing:

6 “(11) describe the manner in which the plan of
 7 the jurisdiction will help address the needs of public
 8 housing and is consistent with the local public hous-
 9 ing agency plan under section 5A of the United
 10 States Housing Act of 1937;”.

11 **SEC. 402. DETERMINATION OF INCOME LIMITS.**

12 (a) *IN GENERAL.*—Section 3(b)(2) of the United States
 13 Housing Act of 1937 (42 U.S.C. 1437a(b)(2)) is amended—

14 (1) in the fourth sentence—

15 (A) by striking “County,” and inserting
 16 “and Rockland Counties”; and

17 (B) by inserting “each” before “such coun-
 18 ty”; and

19 (2) in the fifth sentence, by striking “County”
 20 each place that term appears and inserting “and
 21 Rockland Counties”.

22 (b) *REGULATIONS.*—Not later than 90 days after the
 23 date of enactment of this Act, the Secretary shall issue regu-
 24 lations implementing the amendments made by subsection
 25 (a).

1 **SEC. 403. DEMOLITION OF PUBLIC HOUSING.**

2 *Notwithstanding any other provision of law, beginning*
 3 *on the date of enactment of this Act, the public housing*
 4 *projects described in section 415 of the Department of Hous-*
 5 *ing and Urban Development—Independent Agencies Ap-*
 6 *propriations Act, 1988 (as in existence on April 25, 1996)*
 7 *shall be eligible for demolition under—*

8 *(1) section 9 of the United States Housing Act*
 9 *of 1937, as amended by this Act; and*

10 *(2) section 14 of the United States Housing Act*
 11 *of 1937, as that section existed on the day before the*
 12 *date of enactment of this Act.*

13 **SEC. 404. TECHNICAL CORRECTION OF PUBLIC HOUSING**
 14 **AGENCY OPT-OUT AUTHORITY.**

15 *Section 214(h)(2)(A) of the Housing and Community*
 16 *Development Act of 1980 (42 U.S.C. 1436(h)(2)(A)) is*
 17 *amended by striking “this section” and inserting “para-*
 18 *graph (1) of this subsection”.*

19 **SEC. 405. REVIEW OF DRUG ELIMINATION PROGRAM CON-**
 20 **TRACTS.**

21 *(a) REQUIREMENT.—The Secretary shall investigate*
 22 *all security contracts awarded by grantees under the Public*
 23 *and Assisted Housing Drug Elimination Act of 1990 (42*
 24 *U.S.C. 11901 et seq.) that are public housing agencies that*
 25 *own or operate more than 4,500 public housing dwelling*
 26 *units—*

1 (1) to determine whether the contractors under
2 such contracts have complied with all laws and regu-
3 lations regarding prohibition of discrimination in
4 hiring practices;

5 (2) to determine whether such contracts were
6 awarded in accordance with the applicable laws and
7 regulations regarding the award of such contracts;

8 (3) to determine how many such contracts were
9 awarded under emergency contracting procedures;

10 (4) to evaluate the effectiveness of the contracts;
11 and

12 (5) to provide a full accounting of all expenses
13 under the contracts.

14 (b) *REPORT.*—Not later than 180 days after the date
15 of the enactment of this Act, the Secretary shall complete
16 the investigation required under subsection (a) and submit
17 a report to Congress regarding the findings under the inves-
18 tigation. With respect to each such contract, the report
19 shall—

20 (1) state whether the contract was made and is
21 operating, or was not made or is not operating, in
22 full compliance with applicable laws and regulations;
23 and

1 (2) for each contract that the Secretary deter-
 2 mines is in such compliance issue a personal certifi-
 3 cation of such compliance by the Secretary.

4 (c) *ACTIONS*.—For each contract that is described in
 5 the report under subsection (b) as not made or not operating
 6 in full compliance with applicable laws and regulations,
 7 the Secretary shall promptly take any actions available
 8 under law or regulation that are necessary—

9 (1) to bring such contract into compliance; or

10 (2) to terminate the contract.

11 (d) *EFFECTIVE DATE*.—This section shall take effect
 12 on the date of the enactment of this Act.

13 **SEC. 406. SENSE OF CONGRESS.**

14 It is the sense of Congress that, each public housing
 15 agency involved in the selection of residents under the Unit-
 16 ed States Housing Act of 1937 (including section 8 of that
 17 Act) should, consistent with the public housing agency plan
 18 of the public housing agency, consider preferences for indi-
 19 viduals who are victims of domestic violence.

20 **SEC. 407. OTHER REPEALS.**

21 The following provisions of law are repealed:

22 (1) *REPORT REGARDING FAIR HOUSING OBJEC-*
 23 *TIVES*.—Section 153 of the Housing and Community
 24 Development Act of 1992 (42 U.S.C. 1437f note).

1 (2) *SPECIAL PROJECTS FOR ELDERLY OR HANDI-*
 2 *CAPPED FAMILIES.*—Section 209 of the *Housing and*
 3 *Community Development Act of 1974* (42 U.S.C.
 4 1438).

5 (3) *MISCELLANEOUS PROVISIONS.*—Subsections
 6 (b)(1), (c), and (d) of section 326 of the *Housing and*
 7 *Community Development Amendments of 1981* (Pub-
 8 lic Law 97–35, 95 Stat. 406; 42 U.S.C. 1437f note).

9 (4) *PUBLIC HOUSING CHILDHOOD DEVELOP-*
 10 *MENT.*—Section 222 of the *Housing and Urban-Rural*
 11 *Recovery Act of 1983* (12 U.S.C. 1701z–6 note).

12 (5) *INDIAN HOUSING CHILDHOOD DEVELOP-*
 13 *MENT.*—Section 518 of the *Cranston-Gonzalez Na-*
 14 *tional Affordable Housing Act* (12 U.S.C. 1701z–6
 15 note).

16 (6) *PUBLIC HOUSING ONE-STOP PERINATAL*
 17 *SERVICES DEMONSTRATION.*—Section 521 of the
 18 *Cranston-Gonzalez National Affordable Housing Act*
 19 (42 U.S.C. 1437t note).

20 (7) *PUBLIC HOUSING MINCS DEMONSTRATION.*—
 21 Section 522 of the *Cranston-Gonzalez National Af-*
 22 *fordable Housing Act* (42 U.S.C. 1437f note).

23 (8) *PUBLIC HOUSING ENERGY EFFICIENCY DEM-*
 24 *ONSTRATION.*—Section 523 of the *Cranston-Gonzalez*

1 *National Affordable Housing Act (42 U.S.C. 1437g*
2 *note).*

3 (9) *PUBLIC AND ASSISTED HOUSING YOUTH*
4 *SPORTS PROGRAMS.—Section 520 of the Cranston-*
5 *Gonzalez National Affordable Housing Act (42 U.S.C.*
6 *11903a).*